



**Treasury Investment Board
MEETING AGENDA**

Wednesday, November 8, 2023; 3:30 PM

- I. Call to Order / Roll Call**
- II. Approval of Previous Minutes**
TIB Meeting; February 15, 2023
TIB Meeting; May 10, 2023
TIB Meeting; August 09, 2023
- III. Special Presentations by Invited Consultants**
Presentation by the Meeder Group regarding the status of city/village investments.
- IV. Adjournment**



Treasury Investment Board
MEETING AGENDA
Wednesday, August 9, 2023; 3:30 PM

I. Call to Order / Roll Call

The meeting was called to order by Finance Director Sean Housley at 3:34 pm.

Councilperson Spletzer, Councilperson Bud Fetterolf, and Finance Director Housley were present. City Manager Priddy was absent.

Eileen Stanic CTP, Meeder, Regional Director, Advisory Services and Law Director Bryan were present remotely via conference call.

Ms. Spletzer made a Motion to excuse Ms. Priddy from the meeting. Seconded by Mr. Fetterolf.

No discussion.

Roll Vote: Mr. Housley-yes; Ms. Spletzer-yes; Mr. Fetterolf-yes

The motion passed 3-0.

II. Approval of Previous Minutes

TIB Meeting; February 15, 2023

TIB Meeting; May 10, 2023

No motion was made to approve the minutes.

III. Special Presentations by Invited Consultants

Eileen Stanic of Meeder presented the attached August 9, 2023 City of Newton Falls Investment Strategy Update.

Mixed discussion occurred regarding the presentation as follows:

- Tesa Spletzer inquired if the drop in cash (p4) was caused in part by the pay-off of the Electric Department Bond Anticipation Note. Sean Housley, replied yes and stated that the Bank Reports presented monthly to Council illustrate the cash transferred between banks to accomplish this.
- Mixed discussion occurred regarding recent purchases of securities and upcoming maturities. Sean Housley mentioned that since June 2023, we have been investing in securities with 4 month maturities and that he intends to continue to invest upcoming maturities (p6) in this 4 year range through the end of December 2023.

- Mixed discussion occurred regarding the 2022 and 2023 Investment Income (p7). Sean Housley mentioned that this analysis excludes the Star Ohio investment income which he expects to be around \$100,000 this year.
- Mixed discussion occurred regarding the “Federal Reserve Dot Plot Comparison” (p9) and the expected ..“lower Federal Funds Rate in 2024” (p10). Sean Housley pointed out that this projection ..supports the logic behind the Village’s current investment in securities with 4 year maturity terms. He will reevaluate this strategy after the next TIB meeting.
- Mixed discussion occurred regarding the economic analysis (p11) and labor market analysis (p10). Sean Housley mentioned that these materials suggest a cooling economy beginning around January 2024.

Eileen Stanic finished her presentation. The Board members thanked Eileen and the Meeder Group the presentation.

IV. Adjournment

Ms. Spletzer made a Motion to adjourn the meeting. Seconded by Mr. Fetterolf.

No discussion

All three present members voted yes.

Roll Vote: Mr. Housley-yes; Ms. Spletzer-yes; Mr. Fetterolf-yes

The motion passed 3-0. The meeting was adjourned at 4:18 p.m.

APPROVED:

Pamela Priddy, City Manager

ATTEST:

Michael Acomb, Council Clerk



AUGUST 9, 2023

City of Newton Falls Investment Strategy Update

PRESENTED BY:

EILEEN STANIC, CTP
REGIONAL DIRECTOR, ADVISORY SERVICES



MEEDER
PUBLIC FUNDS



M E E D E R
PUBLIC FUNDS

PORTFOLIO REVIEW

Current Portfolio

City of Newton Falls portfolio as of 7/31/2023

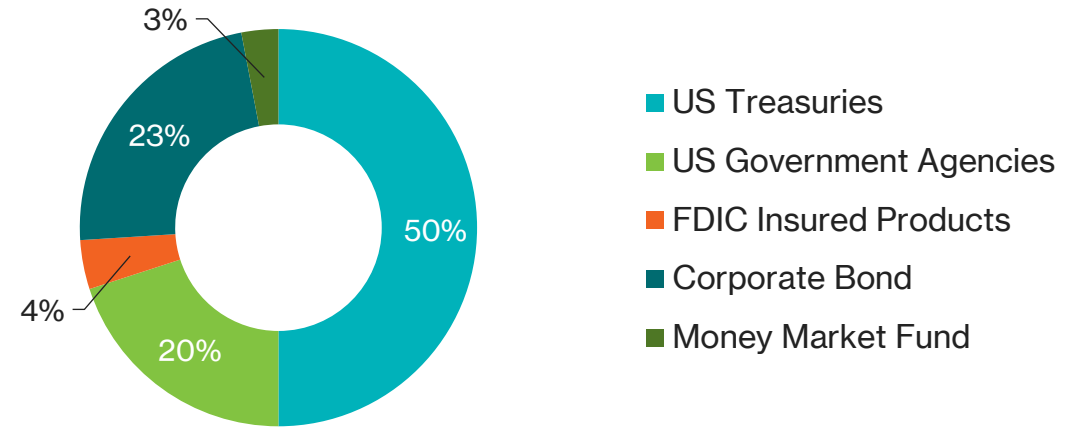
Your Portfolio

Cash	\$1,936,456
Securities	\$5,100,369
Total Portfolio	\$7,036,825

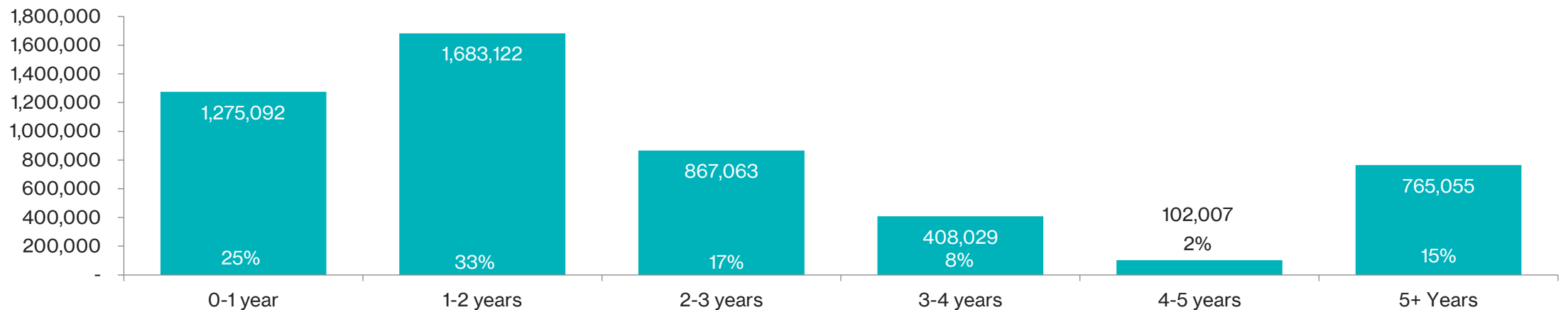
Your Securities

Weighted Average Maturity	2.47 years
Weighted Average Yield	2.57%

Your Asset Allocation



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.

Historical Portfolio Statistics

City of Newton Falls



	7/31/2023	4/30/2023	1/31/2023	11/30/2022	7/31/2022	4/30/2022
Cash	1,936,456	2,308,650	1,733,545	1,220,932	-	-
Securities	5,100,369	5,071,998	5,060,876	5,049,948	6,242,594	6,229,349
Total Portfolio	7,036,825	7,380,648	6,794,421	6,270,880	6,242,594	6,229,349
<u>Your Securities</u>						
Weighted Average Yield	2.57%	2.34%	2.04%	1.75%	1.42%	1.32%
Weighted Average Maturity	2.47 years	2.46 years	2.38 years	2.54 years	2.28 years	2.42 years

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.

Recent Purchases – Operating Account

Purchases from 5/1/2023-7/31/2023

DATE ACQUIRED	CUSIP	PAR	SECURITY TYPE	ISSUER	YIELD	MATURITY DATE
5/5/2023	91282CEN7	65,000	US TREASURY	UST 2.750% 04/30/2027	3.40%	4/30/2027
5/5/2023	912828U24	60,000	US TREASURY	UST 2.00% 11/15/2026	3.44%	11/15/2026
6/1/2023	912828YQ7	65,000	US TREASURY	UST 1.625% 10/31/2026	3.96%	10/31/2026
6/1/2023	912828V98	60,000	US TREASURY	UST 2.250% 02/15/2027	3.91%	2/15/2027
7/12/2023	91282CEW7	75,000	US TREASURY	UST 3.250% 06/30/2027	4.39%	6/30/2027
7/12/2023	91282CEF4	80,000	US TREASURY	UST 2.500% 03/31/2027	4.42%	3/31/2027
		405,000			3.96%	

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.

Upcoming Maturities – next 6 months

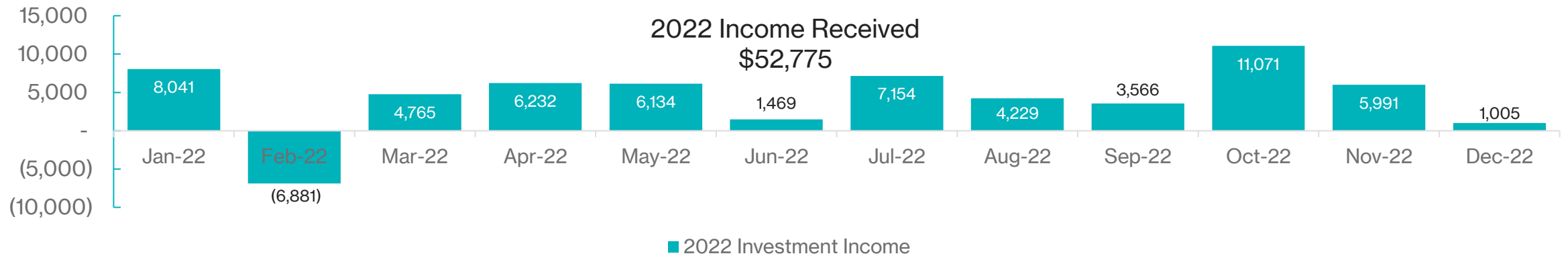


Date	Maturity
Aug-2023	\$125,000
Sep-2023	\$125,000
Oct-2023	\$125,000
Nov-2023	\$125,000
Dec-2023	\$125,000
Jan-2024	\$150,000

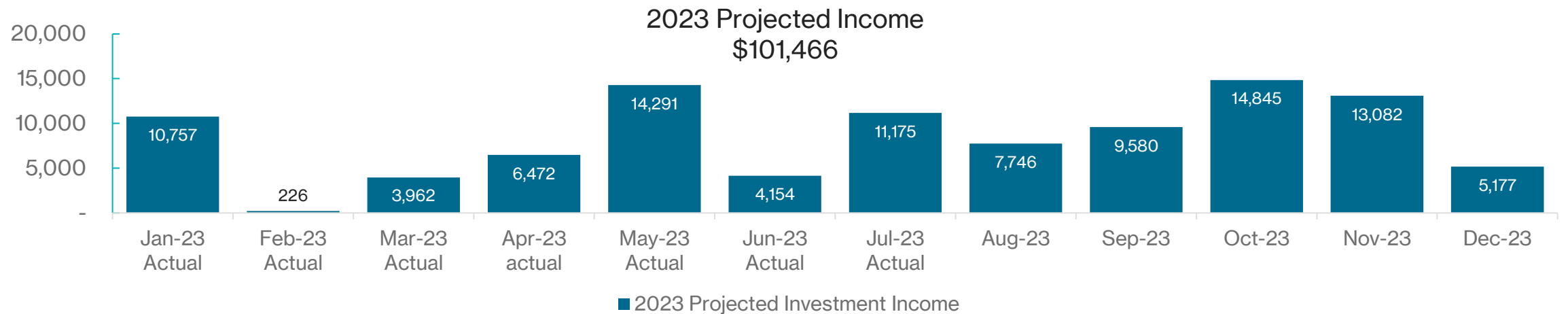
Current Portfolio

City of Newton Falls portfolio as of 7/31/2023

2022 INVESTMENT INCOME



2023 PROJECTED INVESTMENT INCOME

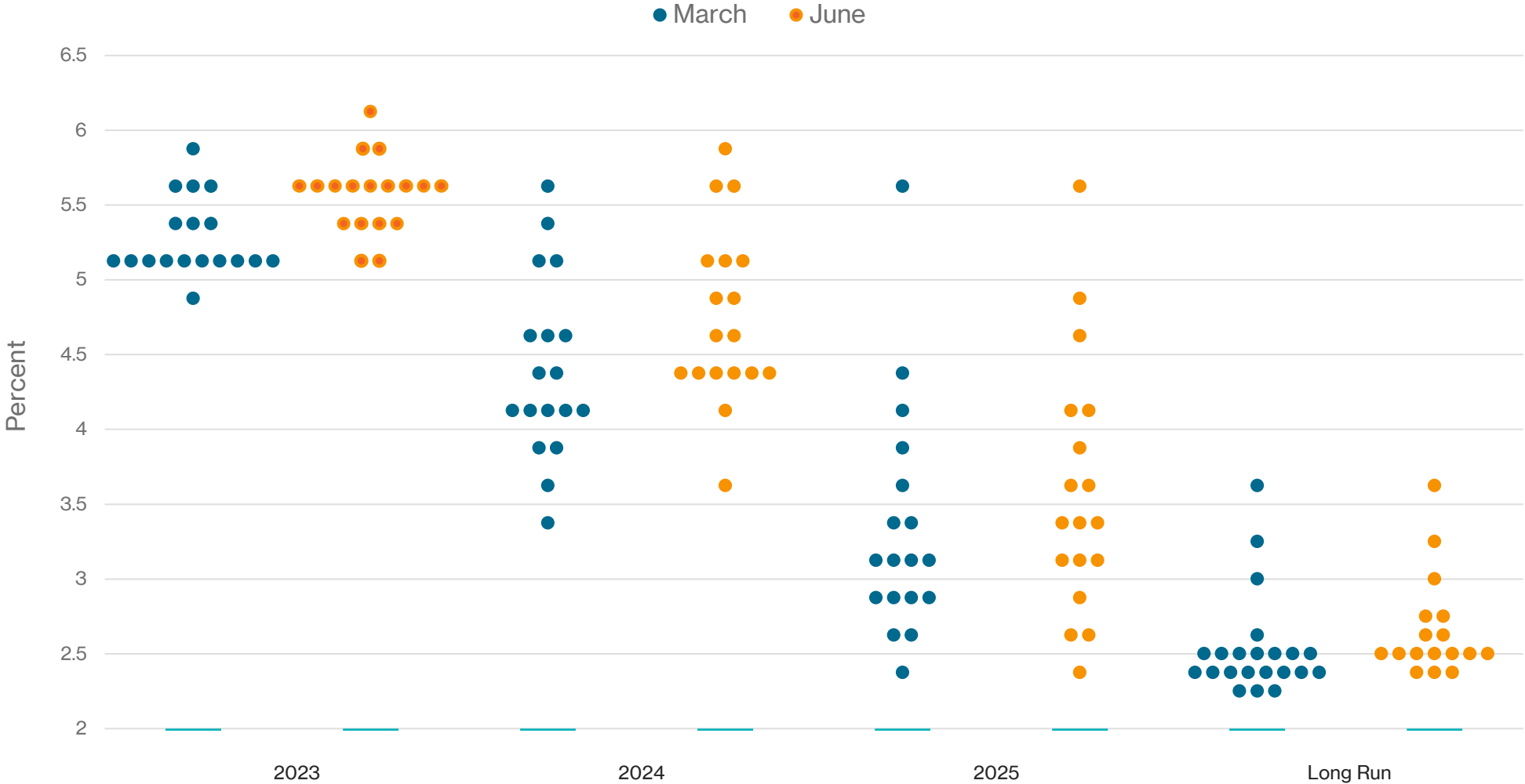




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ECONOMIC UPDATE

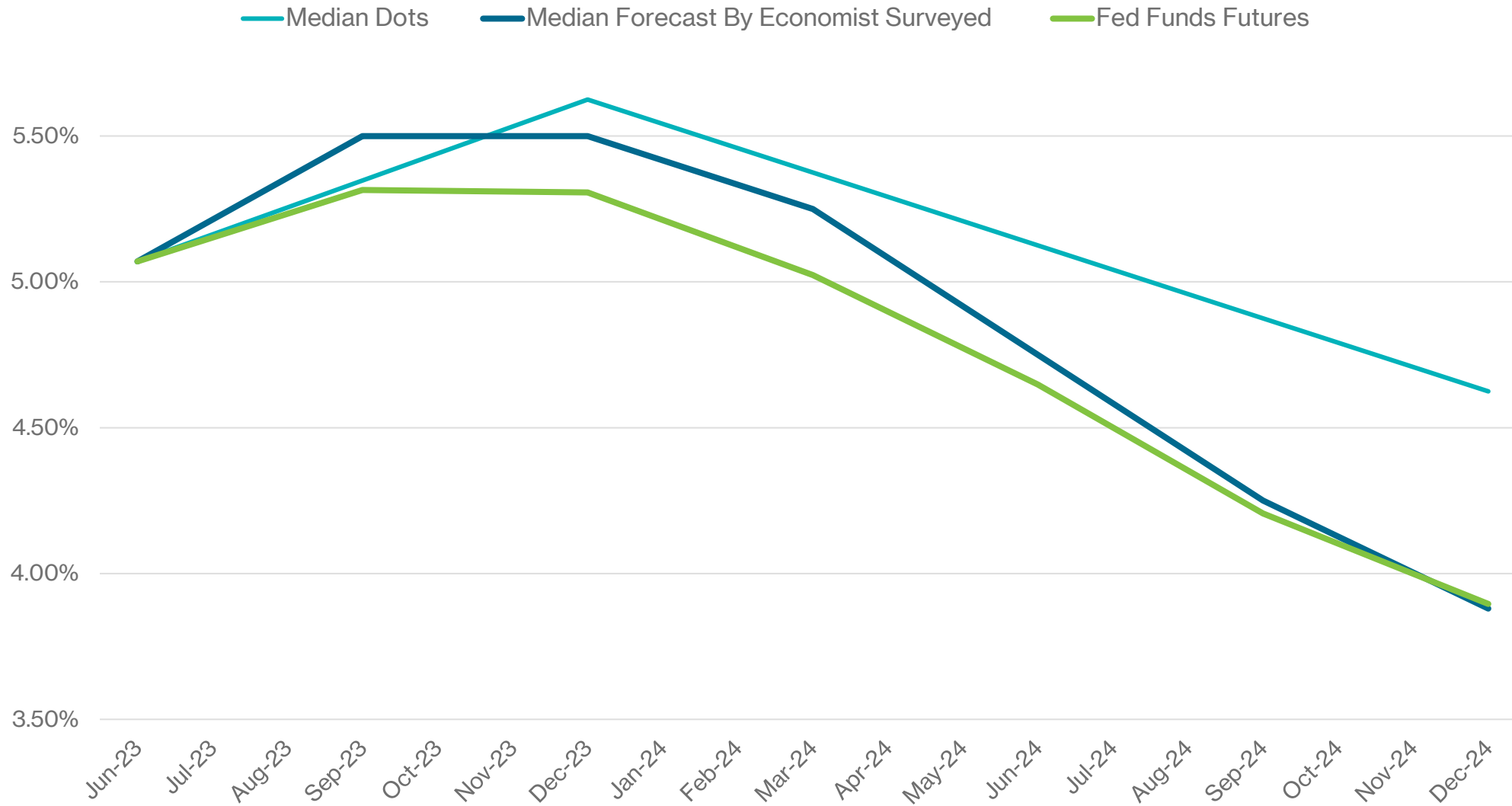
Federal Reserve Dot Plot Comparison



- Each dot represents projected year end rate by each member of the FOMC
- Long run represents projected rate to meet Federal Reserve mandates
- Median Dot Indicates FOMC to Cut Interest Rates by 100bps in 2024.

SOURCE: FEDERAL RESERVE

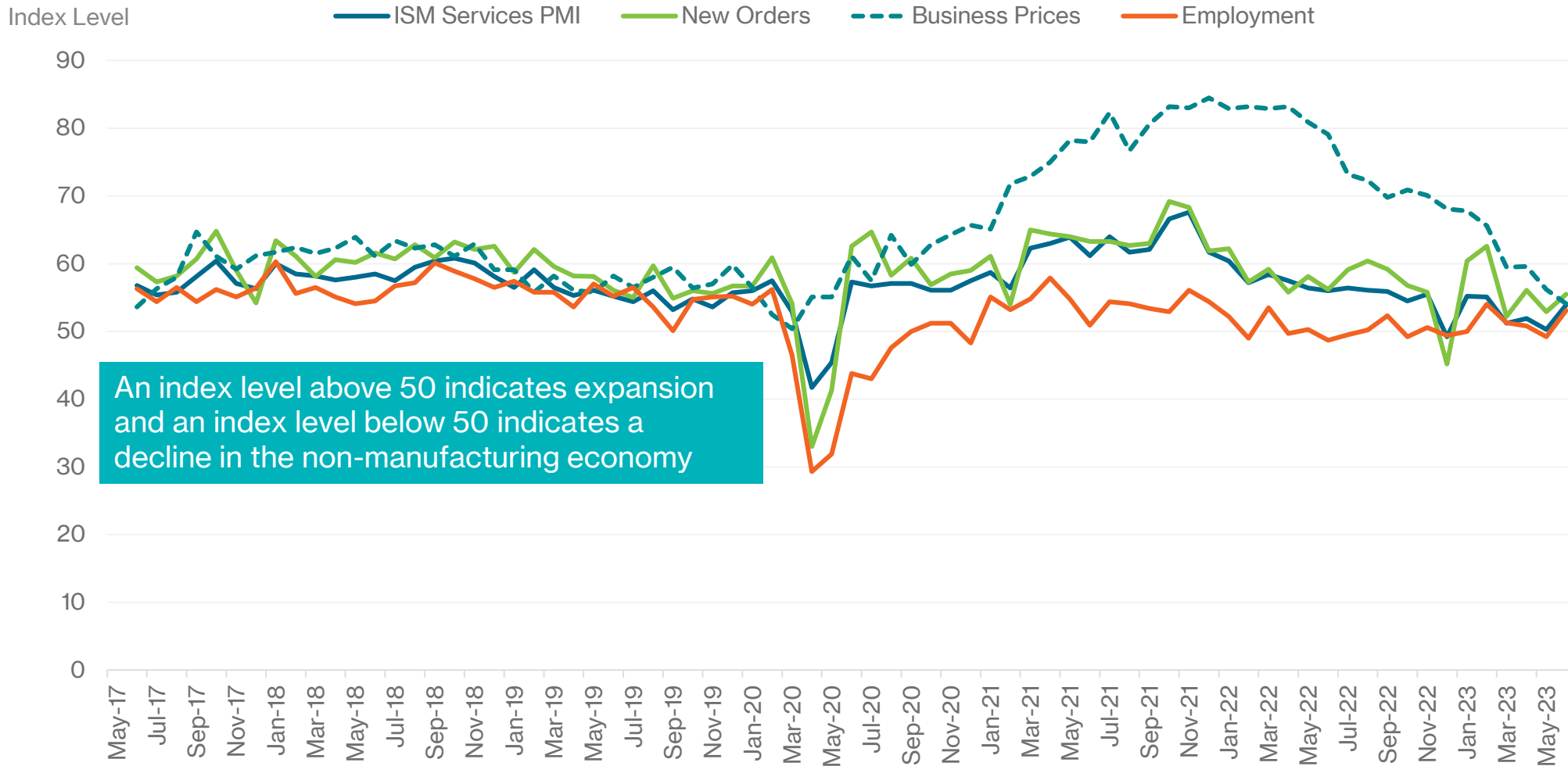
Federal Reserve, Markets, and Economists Expecting Lower Federal Funds Rate in 2024



- Federal Reserve: Median Dots project 2 additional hikes.
- Market implied probabilities price in 1 additional hike.
- FOMC, Market pricing, and Economist expectations for rate cuts in 2024 and beyond.

SOURCE: BLOOMBERG SURVEY OF ECONOMISTS, FEDERAL RESERVE, DATA AS OF 6/28/2023

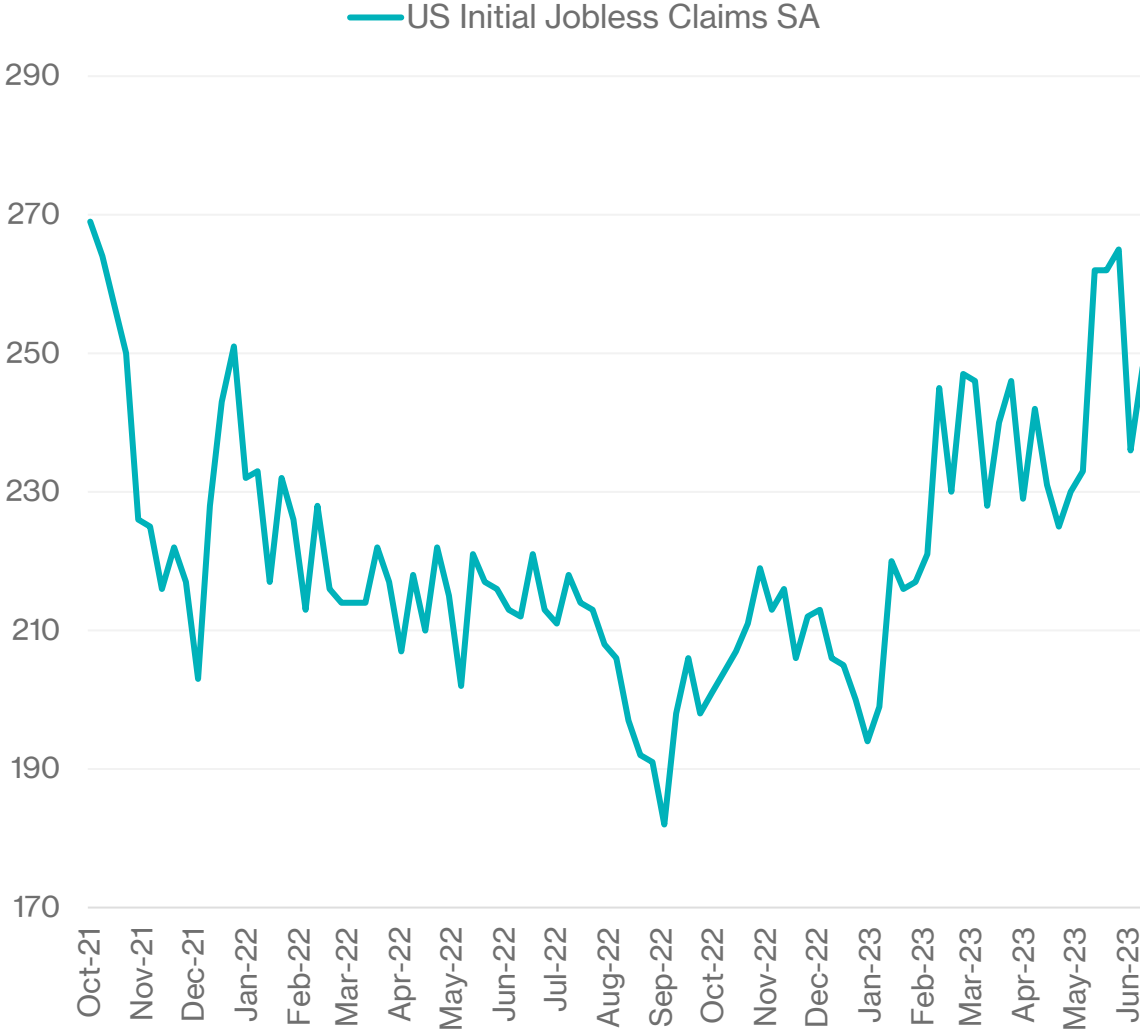
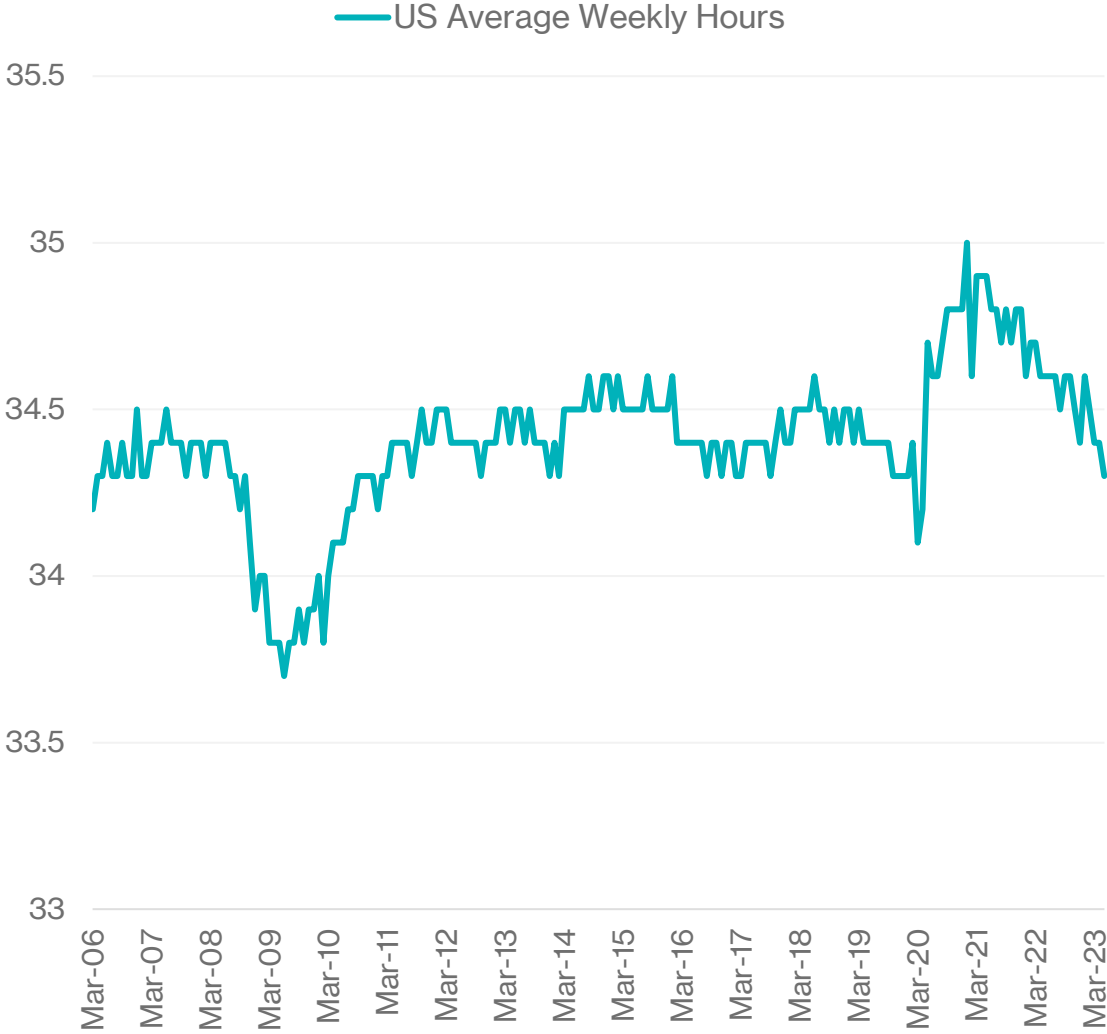
The ISM Services Report Indicates Growth in Nearly Every Segment of the Sector is Slowing.



- Service sector has proven more resilient, but pace of growth is easing as ISM index hovers around 50.
- Employment component of survey has been bouncing between contractionary and non-contractionary levels.
- Continued success with inflation battle as the price component continues to fall significantly from peak in 2022.

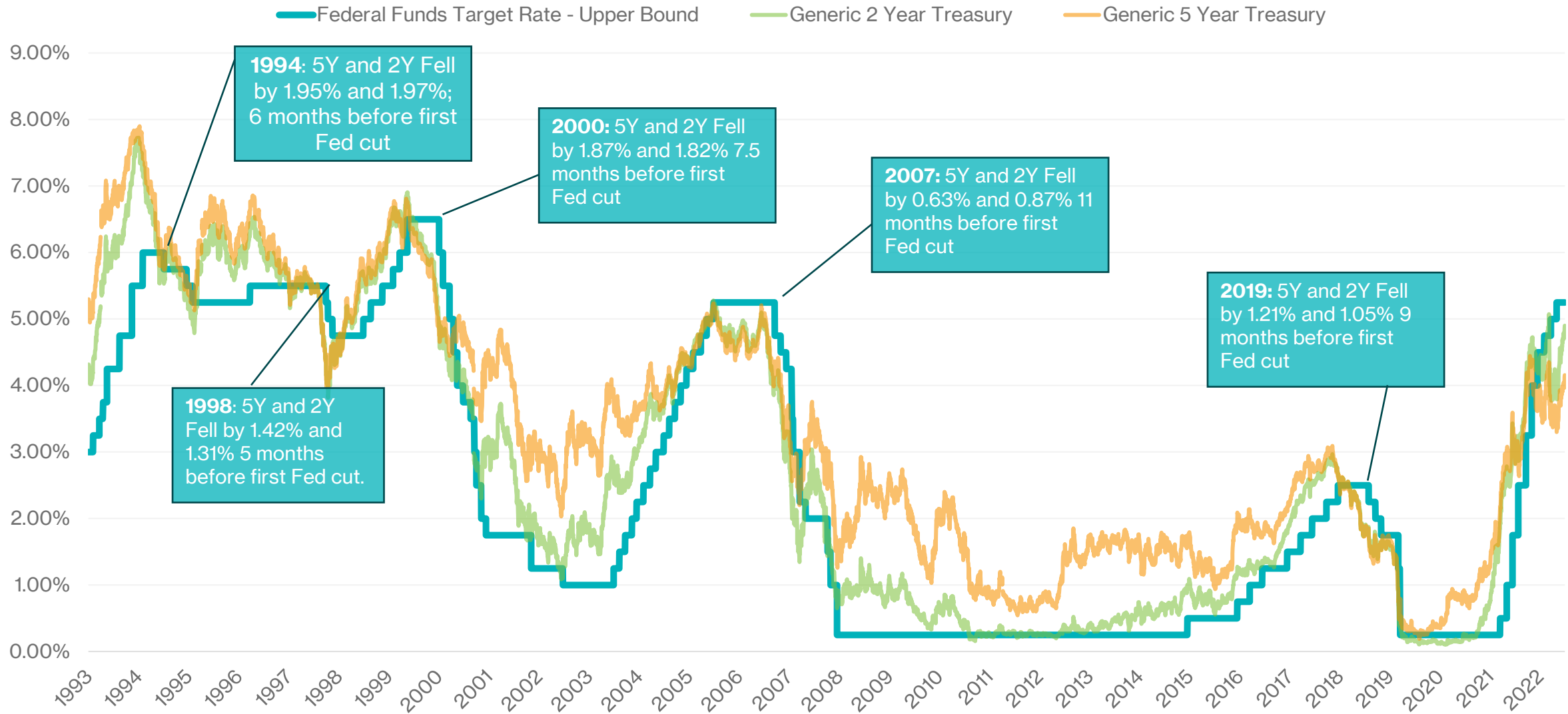
SOURCE: BLOOMBERG, INSTITUTE OF SUPPLY CHAIN MANAGEMENT AS OF 06/30/2023

US Labor Market Continuing to Show Signs of Cooling



SOURCE: BLOOMBERG AS OF 06/30/2023

Market Interest Rates Stop Rising and Fall Before Federal Rate Cuts Begin



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Meeder Public Funds

6125 Memorial Drive
Dublin, OH 43017

866.633.3371



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pause through at least August. Ms. Spletzer expressed concern about a U.S. Treasury default due to the debt ceiling on June 1. Mr. Housley stated that it was unlikely but would lead to a long-term increase in interest and Treasury rates. Ms. Stanic stated that the overall portfolio has increased in value due to the STAR Ohio investments. Purchases from 02/01/2023-04/30/2023 alone are expected to yield 4.28% at maturity. Overall, investment income in 2023 is expected to increase by nearly \$45,000 compared to 2022. Mr. Housley stated his belief that current investments seem to be performing as well or better than at any other time in the past.

It is expected that economic growth will slow and inflation will return to 2.0-2.5%, so long-term interest rates should come lower.

Ms. Stanic provided an economic update. Highlights of that discussion include:

- (1) each member of the FOMC plotting their belief about where rates should be from 2023-2025 and the long run; which should see a reduction in interest rates gradually through 2025.
- (2) The Fed issued projections for rates in March, 2023; but the market showed signs of expectations that rates would go even higher than 5.5%. But, then, bank failures caused the market to expect rate declines. It is anticipated that additional regulations are coming for banks, who will then tighten their credit conditions and decrease loans. It will be more difficult for businesses to gain credit and the economy will cool. Inflation is already starting to recede.
- (3) Although rates have fallen, rates are the highest they have been in two years and have been highly volatile daily.
- (4) The strong labor market is showing some cracks as job growth slows.
- (5) The yield curve remains inverted with 3 month yields far exceeding 10-year yields. The shape has changed and indicates a higher expectation for a recession with interest rates dropping further.
- (6) Short-term rates are starting to top out, so the STAR Ohio funds should be assessed to determine if some of that money should be moved into long-term investments to protect the income of the City.

Ms. Stanic left the meeting at approximately 4:42 pm.

Mr. Housley asked for additional discussion about the city investments. He expressed concern about the uncertainty that is beginning to emerge with short-term rates. He recommended that the Board consider that money currently with STAR Ohio be moved out and into long term, more protected investments. He referred to Page 13 of the Meeder presentation and pointed out that the current trend line in short-term interest rates appears to be at a point where they are beginning to plateau. Bank failures likely mean the Fed will reduce interest rates soon. This signals the need to decide soon about the management strategy for the city's money currently in STAR Ohio. \$1.2 million should be available to move out of STAR Ohio. He expressed concern about the value of having cash with Huntington Bank and recommended keeping \$500K there and moving \$500K into STAR Ohio. Mr. Housley explained that extensive process that is required in order to make such a transfer and recommended against transferring money every day. Ms. Priddy reminded that she signed an agreement with Sudsina to perform a financial review and recommend the appropriate levels of reserve in each of the city's funds, investments, etc.... She stated the importance of this contract cannot be understated as Sudsina works in concert with AMP to ensure that the financial health and management plan of the city is solid.

IV. Adjournment

Ms. Priddy called for a motion to adjourn the meeting.

Moved by: Ms. Spletzer

Seconded by: none heard

No discussion.

Roll Call Vote: Mr. Housley-yes; Ms. Priddy-yes; Ms. Spletzer-yes; Mr. Fetterolf-yes

The motion passed 4-0. The meeting was adjourned at 5:02 pm.

Next meeting: August 9, 2023; 3:30 pm.

APPROVED:

Pamela Priddy, City Manager

ATTEST:

Michael Acomb, Council Clerk

DRAFT



MAY 10, 2023

City of Newton Falls Investment Strategy Update

PRESENTED BY:

EILEEN STANIC, CTP
REGIONAL DIRECTOR, ADVISORY SERVICES



MEEDER
PUBLIC FUNDS



PORTFOLIO REVIEW

Current Portfolio

City of Newton Falls portfolio as of 4/30/2023

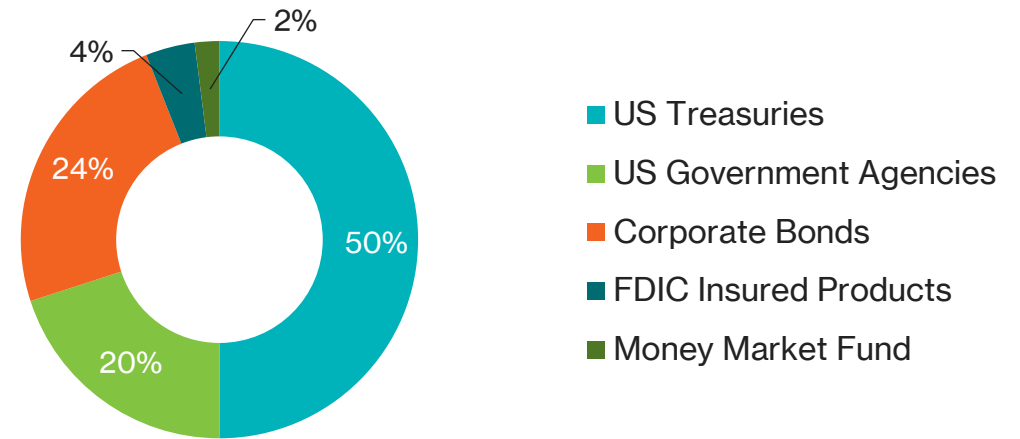
Your Portfolio

Cash (STAR Ohio)	\$2,308,650
Securities	\$5,071,998
Total Portfolio	\$7,380,648

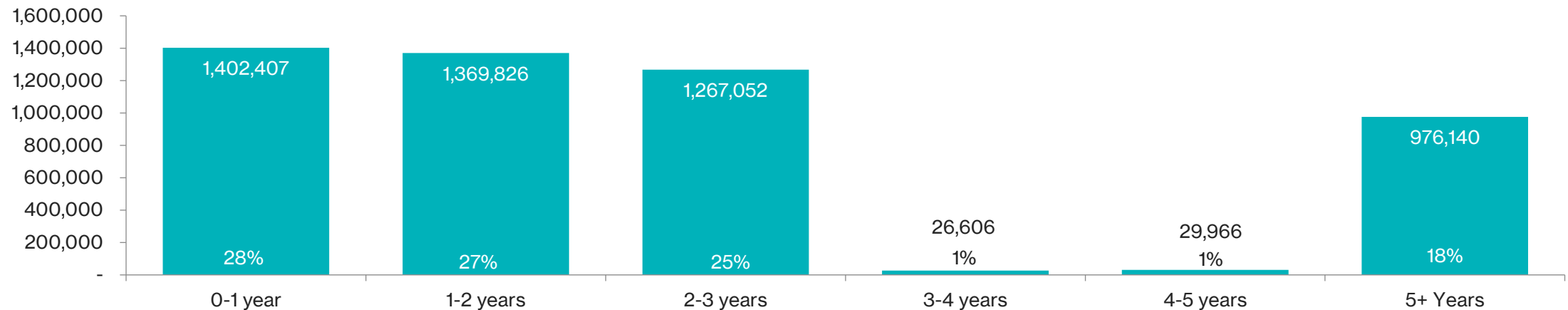
Your Securities

Weighted Average Maturity	2.46 years
Weighted Average Yield	2.34%

Your Asset Allocation



Your Maturity Distribution



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Recent Purchases – Operating Account

Purchases from 2/1/2023-4/30/2023



DATE ACQUIRED	CUSIP	PAR	SECURITY TYPE	ISSUER	YIELD	MATURITY DATE
2/9/2023	91282CEY3	105,000	US TREASURY	UST 3.000% 07/15/2025	4.27%	7/15/2025
2/9/2023	91282CFE6	105,000	US TREASURY	UST 3.125% 08/15/2025	4.23%	8/15/2025
2/9/2023	3130AURS5	100,000	US GOVERNMENT AGENCY	FHLB 4.250% 03/14/2025	4.52%	3/14/2025
2/9/2023	3130A5R35	105,000	US GOVERNMENT AGENCY	FHLB 2.875% 06/13/2025	4.46%	6/13/2025
3/31/2023	3133EPEH4	70,000	US GOVERNMENT AGENCY	FFCB 3.875% 03/30/2026	4.11%	3/30/2026
3/31/2023	3133ENJ35	70,000	US GOVERNMENT AGENCY	FFCB 3.320% 02/25/2026	4.09%	2/25/2026
4/3/2023	3133ELKA1	75,000	US GOVERNMENT AGENCY	FFCB 1.750% 01/28/2026	4.12%	1/28/2026
		630,000			4.28%	

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.

Upcoming Maturities – next 6 months

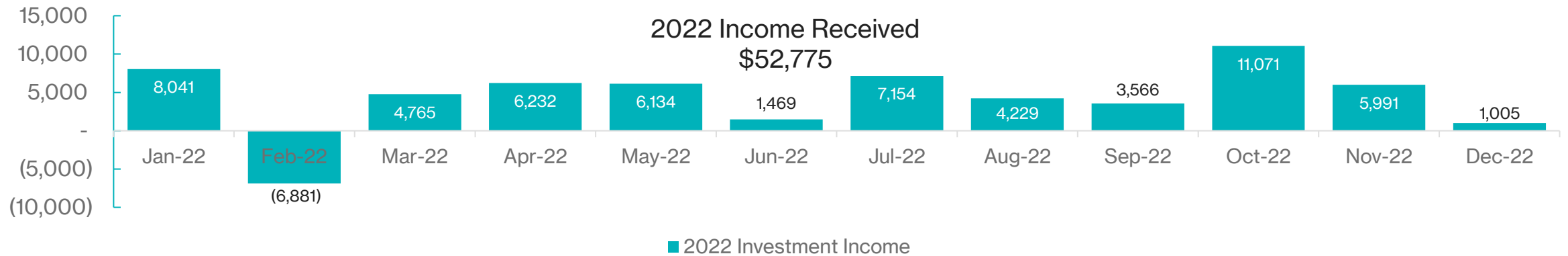


Date	Maturity
May-2023	\$125,000
Jun-2023	\$125,000
Jul-2023	\$125,000
Aug-2023	\$125,000
Sep-2023	\$125,000
Oct-2023	\$125,000

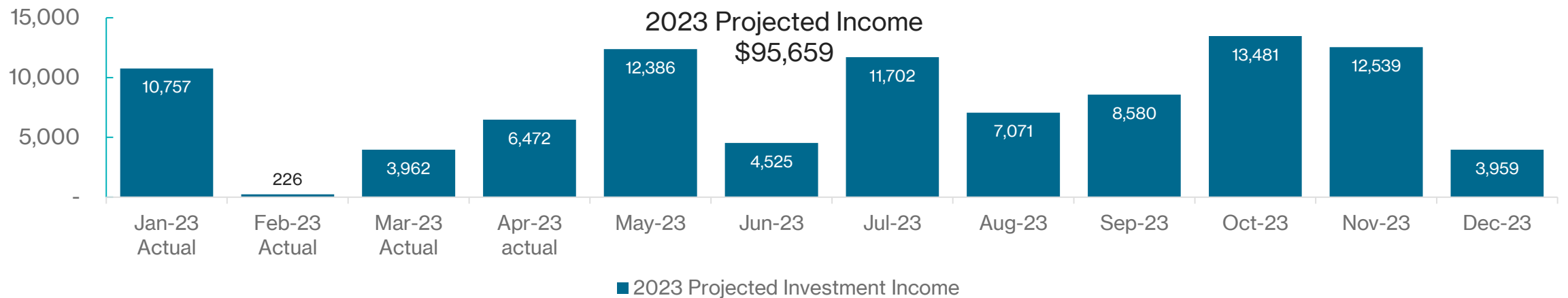
Current Portfolio

City of Newton Falls portfolio as of 4/30/2023

2022 INVESTMENT INCOME



2023 PROJECTED INVESTMENT INCOME

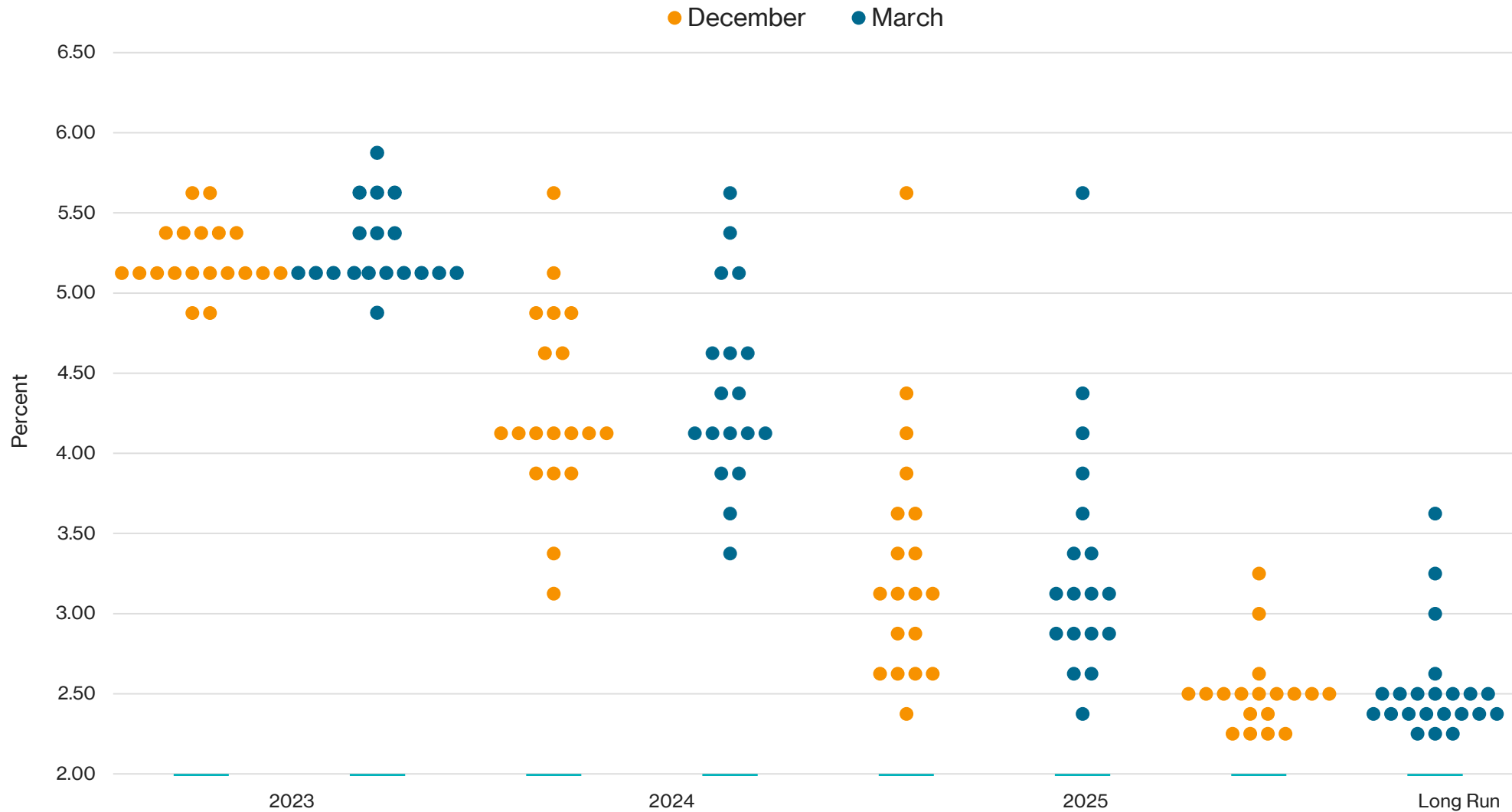




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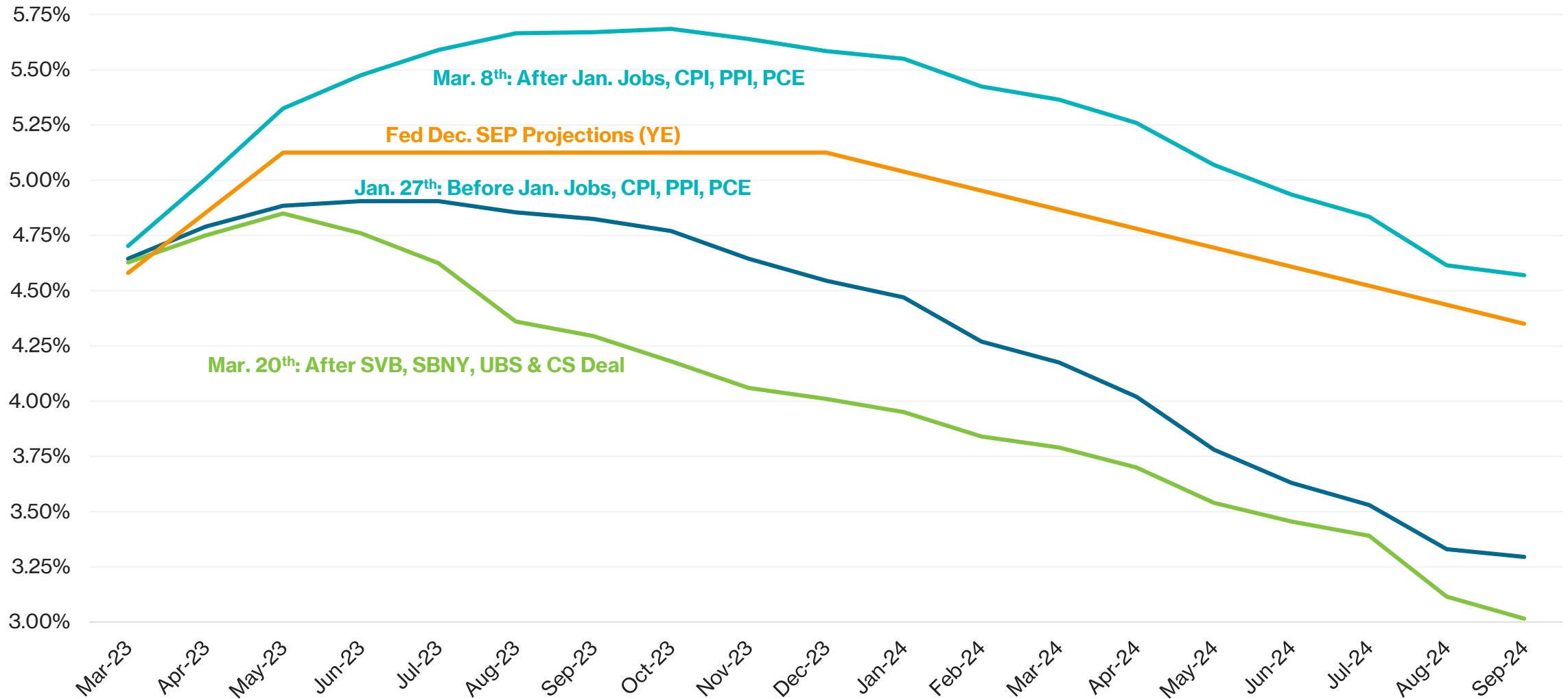
ECONOMIC UPDATE

Federal Reserve Dot Plot Comparison



- Each dot represents projected year end rate by each member of the FOMC
- Long run represents projected rate to meet Federal Reserve mandates
- Dot plot is updated quarterly

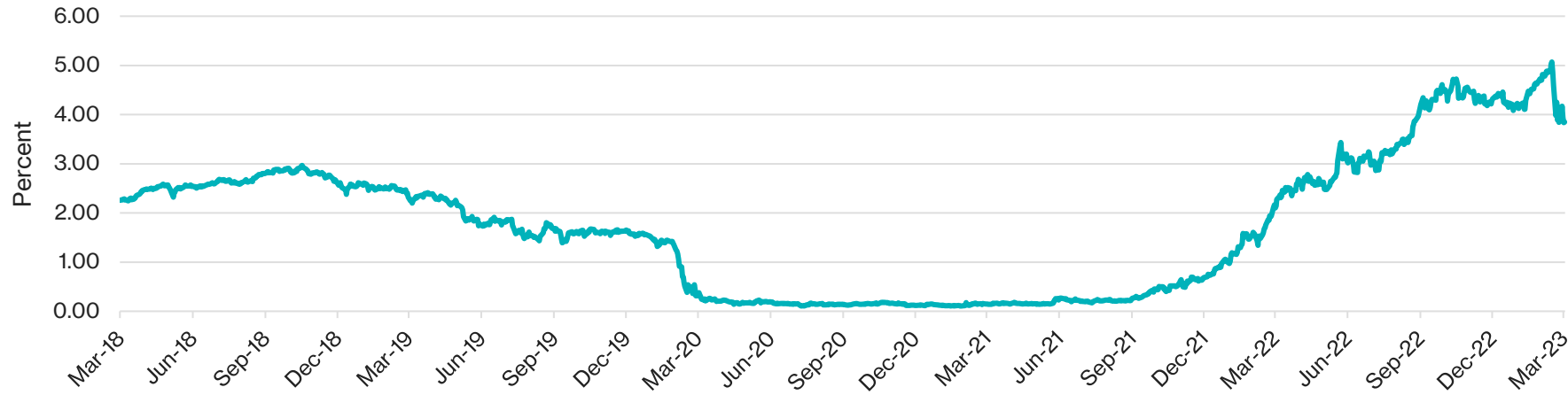
Market Expectations for Fed Funds Rate Moved Sharply



SOURCE: BLOOMBERG

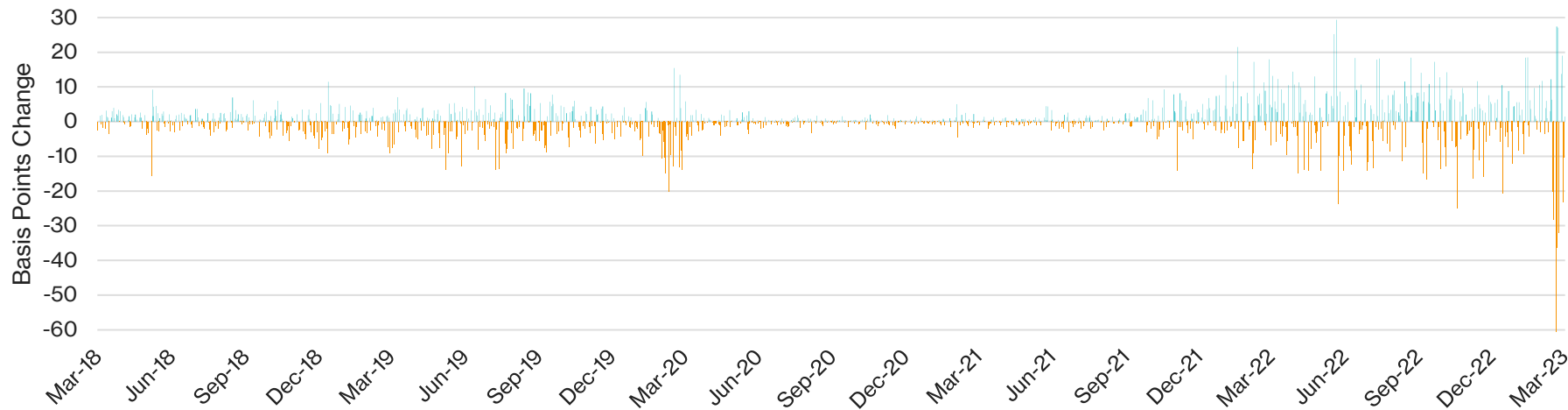
Recent Volatility

Historical 2 Year Treasury Yield



- Recent events have created additional volatility across the markets
- After the news of the Bank defaults and fears of cracks in the banking systems the 2-Year Treasury experienced the biggest 5-day price drop since the late 80's

Historical 2 Year Treasury Daily Price Change



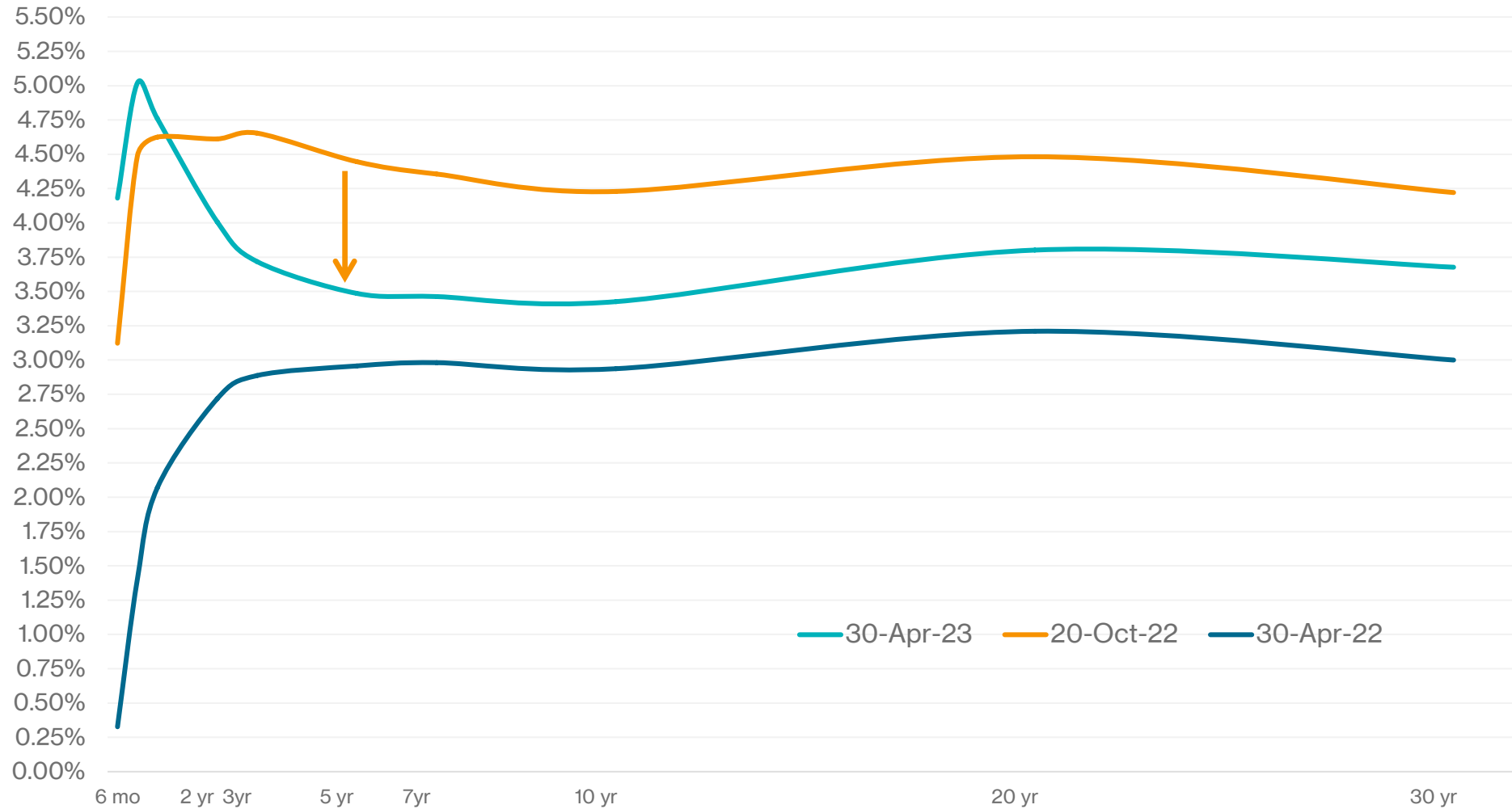
Latest Trends in Labor Market



- Labor market remains tight, with nonfarm payrolls exceeding expectations
- Unemployment rate stands at 3.40%
- As inflation starts to cool off in certain sectors, the resilient labor market is keeping the Fed committed to its current policy, despite market pressures on longer-term rates

SOURCE: BLOOMBERG

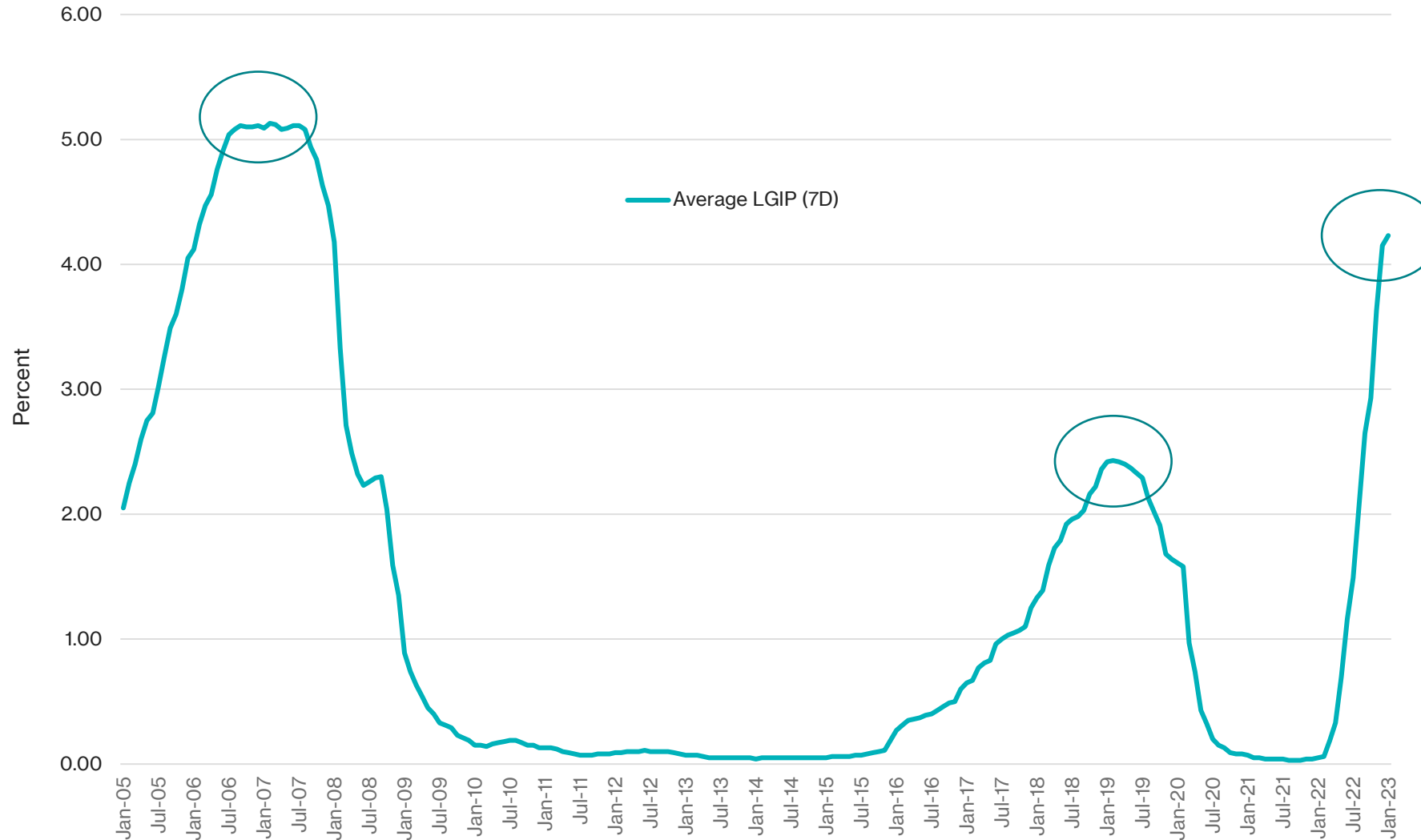
US Treasury Yield Curves



- Yield curve has continued to invert with 3-month yields far exceeding 10-year yields
- Yield curve reflects market expectations for additional increases in Federal Funds Rate
- Shape of the curve indicates heightened expectation for a recession

SOURCE: BLOOMBERG AS OF 4/30/2023

Creating Longer-Term Certainty



- Short-term interest rates topping out
- Opportunity to lock in high interest rates for the long-term
- Creates budgetary certainty for the long-term

SOURCE BLOOMBERG. Average LGIP represented by LGIP7D Net Index.

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Past performance does not guarantee future results. Opinions and forecasts are all subject to change at any time, based on market and other conditions, and should not be construed as a recommendation of any specific security. Investing in securities involves inherent risks, including the risk that you can lose the value of your investment. Any forecast, projection, or prediction of the market, the economy, economic trends, and fixed-income markets are based upon current opinion as of the date of issue and are also subject to change. Opinions and data presented are not necessarily indicative of future events or expected performance. Meeder Public Funds, Inc. cannot and does not claim to be able to accurately predict the future investment performance of any individual security or of any asset class. There is no assurance that the investment process will consistently lead to successful results. The investment return and principal value of an investment will fluctuate, thus an investor's shares, or units, when redeemed, may be worth more or less than their original cost.

**Meeder Investment
Management**

6125 Memorial Drive
Dublin, OH 43017

866.633.3371



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CITY OF NEWTON FALLS
Treasury Investment Board
MEETING MINUTES
Wednesday, February 15, 2023; 3:30 PM
COUNCIL CHAMBERS
612 WEST BROAD STREET

I. Call to Order / Roll Call

The meeting was called to order by Finance Director Sean Housley at 3:33 pm.

Councilperson Spletzer, Councilperson Fetterolf, Finance Director Housley, and Law Director Bryan were in attendance. City Manager Priddy was not present due to illness.

Special Guest Eileen Stanic, Sr. Public Funds Advisor and Director of Advisory Services (Public Funds) at Meeder Investment Management was also present via telephone.

II. Approval of Previous Minutes

Mr. Housley called for a motion to approve the minutes of the December 7, 2022 meeting.

Moved by: Ms. Spletzer

Seconded by: Ms. Fetterolf

No discussion.

Roll Call Vote: Mr. Housley-yes; Ms. Spletzer-yes; Mr. Fetterolf-yes

The motion passed 3-0. The minutes were approved.

III. Special Presentations by Invited Consultants

Presentation by the Meeder Group regarding the status of city/village investments.

Eileen Stanic provided a presentation to the Treasury Investment Board via telephone. Three months have passed since the previous meeting. A snapshot of how the Village funds are invested was discussed noting that the STAROHIO balance has increased nearly \$500,000 and is now \$1,733,544.71. This is made up of funds that the finance director identifies as being able to be moved in STAROHIO to take advantage of the short-term, rising interest rates that are currently available. For example, when January closed STAROHIO was yielding 4.62% and today is yielding 4.79% because STAROHIO is almost immediately responsive to actions taken by the Federal Reserve. This short-term liquid option helps to compliment the long-term portfolio.

The securities portion of the portfolio sits at just over \$5,000,000. It has grown because of recent income from the long-term investments. The total portfolio is now just under \$6.8 Million not including cash held in the Village checking account. The securities yield has increased from 1.75% to 2.04%. The maturity distribution was summarized with 38% of the investments will mature within the year, giving an excellent opportunity to reinvest those funds with more favorable terms. Recently, \$400,000 that matured this month was reinvested into the 2-3 year range at currently just under 4.40% in yield. The recommendation was to try to increase the 3-5 year investment strategy to just over 40% of the overall portfolio in order to take advantage of the favorable rates that haven't been seen in roughly 15 years.

Mr. Housley asked Ms. Stanic comment on the difference in yield between investing at the 2-3

year range vs. the 3-4 year range. The market is changing day to day and the a 5 year investment would lock in 4%. Mr. Housley commented that current yields are inverted, which means that the short-term yields are better than the longer-term yields. Ms. Stanic agreed stating that we are currently seeing the highest inversion since the late 1980's and a recession typically happens within 21 months of the initial inversion. We are currently about 12 months into that trajectory. Mr. Housley responded that this explains his current investment strategy to focus on the short-term investments over the long-term.

Ms. Stanic stated that the market expects that higher interest rates by the Fed will serve to slow the economy, including to soften the employment picture. The jobs report showed stronger performance than expected. Inverted yields and low unemployment has never happened before in this country; and it should serve to put off a recession. The Fed is expected to continue raising rates and Village is positioned so as to be able to react quickly to any abrupt changes in the outlook, including the potential to lock in favorable rates at the 4-5 year level when the yield curve starts to flatten. The Fed is expected to keep rates higher for longer at this point due to the strong jobs number and the Consumer Price Index. The market is expecting 3 more rate hikes this calendar year.

Mr. Housley stated that he is looking to increase amounts invested in 3 years' time frame. He assured the Board that he would transfer cash out of STAROHIO and have it invested within 3-4 days should an abrupt interest rate decline occur. Presently, keeping the cash in STAROHIO is the best approach because each time the Fed increases, STAROHIO increases thus yielding the best rates for the Village. Once the Fed starts to level rates, then money will begin to be moved from STAROHIO into longer term investments of 3-4 years.

Ms. Stanic noted that the projected income schedule is showing an anticipated \$40,000 improvement year after year since the repositioning of Village investments took place in early 2022. This does not include the additional \$80k-\$90k that STAROHIO is expected to earn.

Ms. Stanic recommended to continue to invest mature funds in the 3-year range by using a measured approach instead of a speculative approach. A balance between short-term and long-term investments is advised.

Ms. Stanic spoke about the current economic climate and stressed the importance of building in flexibility in the investment process, particularly the maturity distribution. The Fed Rate Hiking Cycles was discussed. Rate hikes will continue in 2023. Monetary policy flows at a 6 month lag and it takes time for rate hikes to make the expected impact on the economy. Mr. Housley pointed out his strategy of looking for the leveling off of the rates to determine when to shift maturity investments into the 4 year period. Ms. Stanic agreed but cautioned that the identification of pattern is important. Short term rates are driven by the Fed and the long term rates will be driven by the market expectations for inflation and long term growth.

Ms. Stanic noted that wage growth gets embedded in pricing due to inflation. She notes that the Employment Cost Index has begun to level off. The Fed has maintained their target to be 2% inflation and economists estimate that current wage growth is consistent with that goal. It is estimated that by the end of 2023, inflation will be around 3-3.5%.

US Treasury Yield Curves continued to invert with short-term yields exceeding long-term yields. The yield curve reflects market expectations for economic growth and inflation and the shape of the current curve shows an increase expectation for recession, although there has been overall improvement during this first quarter towards a more normal cycle.

Ms. Spletzer stated that she likes the plans and appreciates the flexibility in the plan.

IV. Adjournment

Mr. Housley called for a motion to adjourn the meeting.

Moved by: Mr. Bryan

Seconded by: Ms. Spletzer

No discussion.

Roll Call Vote: Mr. Housley-yes; Ms. Spletzer-yes; Mr. Fetterolf-yes

The motion passed 3-0. The meeting was adjourned at 4:06 pm.

APPROVED:

Pamela Priddy, City Manager

ATTEST:

Michael Acomb, Council Clerk

DRAFT