



**Investment Advisory Committee
Meeting Minutes**

October 19, 2023

Committee Members Present: Al Fullenkamp, Committee Chair
Robert Ruzinsky
Mary K. Stanforth

Committee Member Excused: John A. Lumpkin, Jr.

Others in Attendance: Kena Brown, City of Dayton
Eileen Stanic, Meeder Investments

Mr. Fullenkamp called the meeting to order at 12:00 p.m. and roll call was taken:

Roll Call

Mr. Fullenkamp - Yes
Mr. Lumpkin - Excused
Mr. Ruzinsky - Yes
Ms. Stanforth - Yes

A quorum was present and proper notice of the meeting had been given.

Approval of April 20, 2023 Meeting Minutes

Mr. Fullenkamp asked if attendees have questions or corrections pertaining to the minutes?

Upon hearing no questions or corrections, MOTION was made by Mr. Ruzinsky and SECONDED by Ms. Stanforth to APPROVE the April 20, 2023 Investment Advisory Committee meeting minutes.

The Motion was APPROVED by voice vote 3-0.

Meeder Investment Financial Presentation

Highlights from Ms. Stanic's economic update include the following:

- The final read on the 2nd quarter Gross Domestic Product (GDP) showed growth of 2.1% due to increased consumer spending. The pace of economic growth is expected to slow going forward as signaled by the leading economic index registering a decline for seventeen consecutive months. Delinquencies on mortgages, auto loans and credit cards are on the rise.
- Employment gains have remained solid with nonfarm payrolls averaging 266,000 per month for the 3rd quarter of 2023, in line with the prior twelve month's pace of 267,000. The labor force participation rate has inched up to 62.8% and the unemployment rate stands at 3.8%. The average workweek has slipped to 34.4 hours and the number of job openings has increased to 9.6 million.
- Inflation has continued to exceed the Federal Reserve Board's (Fed's) 2% target. The core personal consumption expenditure (PCE) index has dropped but at 3.9%, inflation remains persistent and broad-based. Oil and diesel prices remain off their highs last year but subject to recent geopolitical events. Long-term inflation expectations are aligned with the Fed's 2% target.
- The yield curve has flattened but remains inverted with the yield on the 10-year US Treasury 0.41% less than the 2-year US Treasury, a reliable signal of an increased probability of recession. As of 10/11/2023, the 2-year US Treasury yielded 4.99% and the 5-year US Treasury yielded 4.59%. The yield on STAR Ohio stands at 5.56%.
- The Federal Reserve met September 19-20, 2023 and voted to maintain the Fed Funds Rate at its current range of 5.25%- 5.50%, in line with expectations. Their updated forecast signaled one additional rate hike this year, then shifting to rate cuts in 2024 and 2025. The Federal Reserve's next meeting is October 31-November 1, 2023. Expectations are for no change in the fed funds target, with future meetings more data dependent as the economy is expected to slow.

Ms. Stanic also provided a portfolio summary:

- During the quarter \$20,105,925 was added to the investment portfolio, resulting in total principal cost of securities of \$94,593,941. Investments during the quarter yielded 5.17% thereby increasing the overall portfolio yield by 0.79% to its current yield of 3.16%.
- Securities set to mature in the 4th quarter of 2023 total \$5,389,000 with an average yield to maturity of 3.35%. Reinvestments at current rates will continue to be accretive to the overall portfolio yield. In view of the outlook for the Federal Reserve to pivot monetary policy in 2024, our bias is to continue balancing the portfolio across the maturity spectrum. Past interest rate cycles have shown longer term rates drop roughly 1.00% - 2.00% five to eleven months prior to the Federal Reserve reducing the fed funds rate. As longer-term rates have continued to hold steady, we believe it prudent to continue to lock rates in for longer, as cash flow permits.

Mr. Ruzinsky asked Ms. Stanic to investigate the possible benefits of selling lower yielding investments, with the intent to reinvest at higher rates. Ms. Stanic agreed to look into this and to report back very soon with a recommendation.

Discussion Item – Montgomery County Sales Tax Receipts

Ms. Stanforth reported June 2023 Sales Tax receipts equal \$4.34 million. In comparison, June 2022 receipts equaled \$4.07 million. This represents a decrease of \$267,000 or 0.7%.

Year-to-Date (YTD) June 2023 Sales Tax receipts equal \$23.97 million. In comparison, YTD June 2022 receipts equaled \$23.52 million. This represents an increase of \$447,000 or 1.9%. This is an area of concern as the 1.9% increase is not keeping up with current inflation.

Other Business

Mr. Fullenkamp stated the next Investment Advisory Committee meeting is tentatively scheduled for Thursday, January 18, 2024.

Adjournment

With no further business, a MOTION was made by Mr. Ruzinsky and SECONDED by Ms. Stanforth to ADJOURN the meeting.

The Motion was APPROVED 3-0.

The meeting ADJOURNED at 12:35 p.m.

ATTEST



Mr. Al Fullenkamp, Chair
Investment Advisory Committee



Ms. Mary K. Stanforth, Secretary
Investment Advisory Committee