



## INVESTMENT ADVISORY COMMITTEE MEETING

### AGENDA

October 22, 2024

1. Call to Order
2. Roll Call
3. Public Comments
4. Approval of Minutes from Prior Meeting (July 24, 2024)
5. Fund & Portfolio
6. Investment Discussion
  - a. Jason Click, Meeder Investment Management
  - b. Jason Headings, Meeder Investment Management
7. Linked Deposits
8. Other Business
9. Adjournment



## INVESTMENT ADVISORY COMMITTEE MEETING

### Meeting Minutes

**July 24th, 2024**

#### **1. CALL TO ORDER**

Chief of Staff Janas called the meeting to order at 10:03 AM.

#### **2. ATTENDEES**

##### **CUYAHOGA COUNTY INVESTMENT ADVISORY COMMITTEE MEMBERS IN ATTENDANCE**

Jack H. Schron, Jr., Councilman  
Brad Cromes, Treasurer  
Erik Janas, Chief of Staff (Standing in for executive Ronayne)

##### **CUYAHOGA COUNTY STAFF IN ATTENDANCE**

Eileen Egan, Manager, Investment & Cash Management  
Ray McDaniel, Deputy Chief Treasurer (Remote)  
Jed Strohm, Assistant Investment and Cash Management Officer  
Michael King, Council Legal Counsel  
Trevor McAleer, Council Budget Liaison  
Liv Sontag, Public Service  
Jerad Zibritosky, Assistant Law Director

##### **OTHERS IN ATTENDANCE**

Jason Click, Meeder Investments (Remote)  
Jason Headings, Meeder Investments (Remote)  
Jason Szabo, Meeder Investments (Remote)

### **3. Public Comment**

Treasurer Cromes summarized the rules for public comment that will be in force for subsequent meetings. Public comment rules adopted to allow for 3 minutes per public commentator. Each commentator must comport themselves in a dignified and civil manner; no shouting or personal invective shall be allowed. No threatening remarks or gestures may be directed at any person. There will not be any back and forth between committee members and commentators. Councilman Schron moved to accept these rules. Cromes seconded. The motion carried.

Raschelle Roth and Thomas Lockshin spoke in support of the County's investment in Israel bonds.

### **4. Approval of Minutes from Prior Meeting (April 25, 2024)**

Janas asked for motion to accept the minutes; Schron carried, Treasurer Cromes requesting an edit to the minutes, noting that Ronayne was not in attendance at the 2024 Q1 meeting.

### **5. Fund & Portfolio**

Eileen Egan, Manager, Investment & Cash Management summarized the bank allocation and operational uses of the banking contracts. She also identified the Asset Allocation of the treasury funds. Schron noted that per current investment policy, we can invest additional dollars in Israel bonds. Egan confirmed that we currently do not have any bonds that are paying as high a coupon rate as the Israel bonds.

Jed Strohm, Assistant Investment & Cash Management Officer provided an update on the Opioid funds. Strohm stated that as we receive investment proceeds through coupon interest receipts and bond maturation, the funds are reinvested with a five-year time horizon to lock in the higher interest rates. He advised that this timeline is appropriate due to other maturities covering the diversion center operations through the five-year horizon.

## **6. Investment Discussion**

Jason Szabo from Meeder Investment Management discussed the current economic, financial, and interest rate trends. The expectation remains that restrictiveness will continue to abate, as the Fed projects interest rate reductions in the immediate future. The Fed is looking to achieve the 2% inflation target in 2025 or 2026, with three 25 basis point cuts in 2024. The timing for these cuts is gravitating toward September or November. Political motives have not in the past nor are they expected in the future to impact Fed timing decisions.

Jason Click from Meeder Investment Management identified that both the rates and the maturities in our portfolio have gone up due to purchasing bonds with higher rate, and a longer maturity. Meeder is continuing to look at opportunities to swap low interest bonds with higher interest bonds. The Meeder team reconfirmed that Cuyahoga County Investments are compliant with the policy and are structured appropriately for the County's short- and long-term liquidity needs.

Cromes identified that using a 2 year average of the 2 year T-bill is a benchmark that may be revisited. Jason Click identified that Meeder also tracks a 5 year average of the 5 year T-bill, which may also be a viable benchmark.

Cromes moved to accept the presentation; Janas seconded. It passed.

## **7. Linked Deposit**

- a. Cromes reported that the Heritage loan program will be unchanged. The help will be revisited to possibly include small businesses. There are commitments to participate from 2 banks, and ongoing dialogue with other banking institutions. Internal conversations are also being held within the county.

## **8. Other Business**

- a. Schron reiterated that the county has an interest in supporting local communities within Cuyahoga County. Eegan reported that we have reached out to local communities, but other financing was arranged.

## **9. Adjournment**

Janas adjourned the meeting at 10:55 AM.

# CUYAHOGA COUNTY



2024 Q3  
Fiscal Report  
Fund & Portfolio

## PORTFOLIO REVIEW - 3rd QUARTER 2024



### Asset Allocation and Compliance

	<u>Market Value</u>	<u>Core Portfolio Average</u>	<u>Policy Limit</u>	<u>Policy Comply</u>
<u>General Funds:</u>				
<i>Bank Deposit</i>				
STAR Ohio - ARP	72,362,780	5.349%	100%	YES
STAR Ohio - Main	46,777,415	3.458%	100%	YES
Key Bank	14,260,937	1.054%	100%	YES
PNC Bank	6,090,453	0.450%	100%	YES
US Bank	383,814	0.028%	100%	YES
<i>Investments</i>				
US Agency- Callable	228,473,411	16.888%	70%	YES
US Treasury	319,872,200	23.644%	100%	YES
US Agency- Fixed Rate	188,529,029	13.935%	100%	YES
Corporate Notes	96,400,118	7.125%	15%	YES
Commercial Paper	38,981,704	2.881%	40%	YES
Municipal Notes	31,008,114	2.292%	20%	YES
Certificates of Deposit - Bank	265,000	0.020%	50%	YES
Foreign Notes	15,977,918	1.181%	2%	YES
Money Market Accounts - Portfolio	21,675,578	1.602%	75%	YES
<u>Non-General Funds:</u>				
STAR Ohio - Opioid	22,231,982	1.643%	100%	YES
Money Market Accounts - Opioid	171,249	0.013%	75%	YES
STAR Ohio - Development	26,745,318	1.977%	100%	YES

Total Quarter-End Market Value 1,130,207,019

12 Month Trailing Average 1,352,896,919

Policy Limits: Per investment policy, investment class limits are based on the 12 month trailing average.



## CUYAHOGA COUNTY TREASURY PORTFOLIO REVIEW - 3rd QUARTER 2024 Opioid Portfolio Asset Allocation

### Asset Allocation

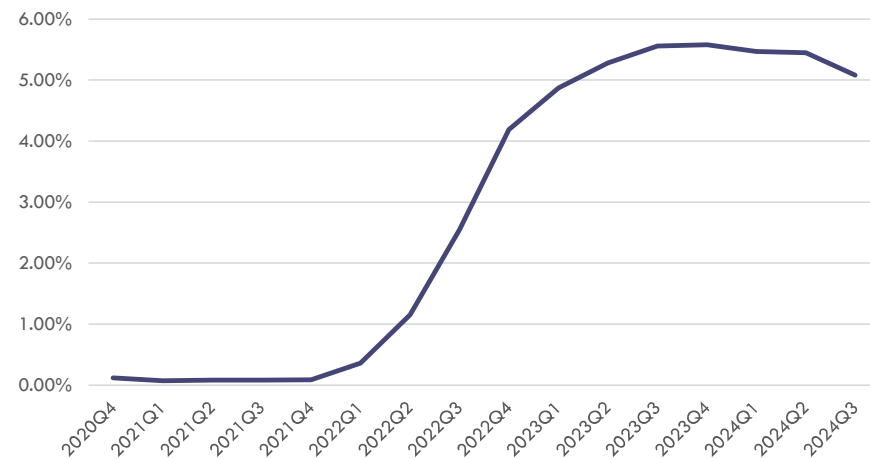
	<u>Market Value</u>
US Treasury	32,504,415
US Agency- Callable	6,104,100
US Agency- Fixed Rate	22,600,737
Commercial Paper	2,216,217
Money Market Accounts	171,249
<b>Total Month-End Market Value</b>	<b>63,596,717</b>



## STAR OHIO DAILY RATE

STAR Ohio Rate as of 9/30/2024	
Total Shares:	24.797 Billion
Overnight Yield:	5.08 %
Annualized Yield:	5.20 %
Daily Dividend Rate:	0.0001391880
Average Days to Maturity:	26.8 days

Star Ohio End of Quarter Interest Rates











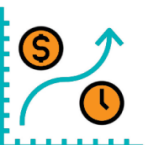
SEPTEMBER 30, 2024

# Cuyahoga County Investment Strategy Update

PRESENTED BY: JASON CLICK AND JASON HEADINGS



MEEDER  
PUBLIC FUNDS

	Metric	Analysis
	<b>Fed Funds Rate</b>	As the Federal Reserve attempts to navigate a “soft landing,” both the Fed Funds futures market and the FOMC dot plot are pricing in two additional 25 basis point (0.25%) cuts in 2024.
	<b>Inflation</b>	The Fed's preferred inflation gauge, Core PCE YoY, has dropped from its cycle high of 5.6% to 2.7%. The Fed is expecting this inflation metric to decline to 2.2% in 2025, getting close to their 2% target rate.
	<b>Growth</b>	GDP had another stellar quarter (Q2 2024), growing by 3%. The Atlanta Fed's GDPNowcast is projecting a 3.1% rate for Q3 2024. Additionally, the Fed is expecting the GDP YoY rate for 2025 to be 2.0%.
	<b>Employment</b>	Nonfarm payrolls have slowed in recent months but increased in September. The unemployment rate remains historically low at 4.1%. The Federal Reserve projects the unemployment rate will rise slightly to 4.4% in 2025.
	<b>Yields</b>	The 2-year Treasury yield has dropped about 130 basis points from its cycle high (Oct 2023) but is still approximately 200 basis points above its average of the past 20 years.

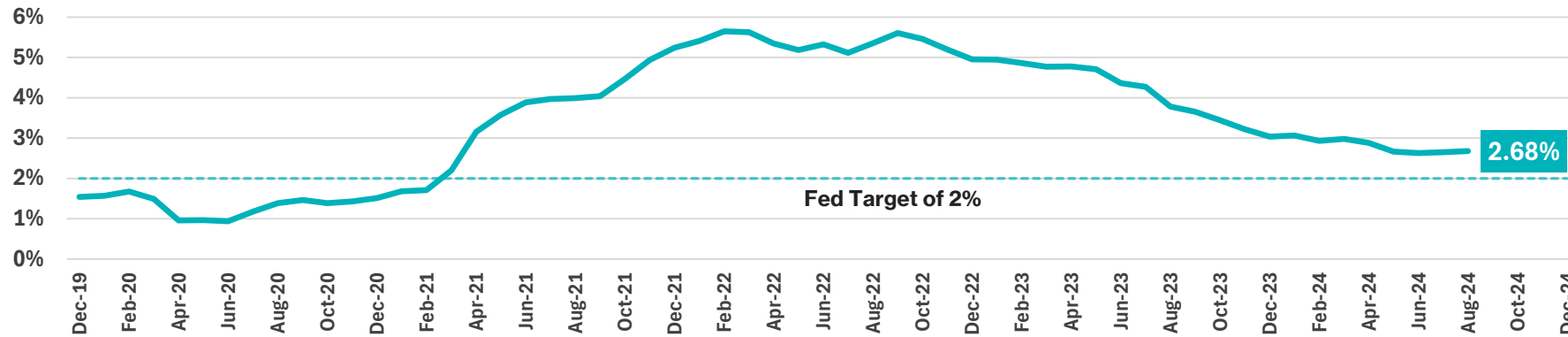
# Fed Funds

FOMC Meeting Dates	Futures Implied Rate	Change from Current	Approx. 25 BP Cuts from Today	Fed Dots
Current Rate	4.88%			4.88%
Nov-7-2024	4.66%	(0.22%)	(0.9)	4.63%
Dec-18-2024	4.36%	(0.51%)	(2.0)	4.38%
Jan-29-2025	4.19%	(0.69%)	(2.7)	4.38%
Mar-19-2025	4.10%	(0.78%)	(3.1)	4.13%
May-7-2025	3.82%	(1.06%)	(4.2)	4.13%
Jun-18-2025	3.72%	(1.15%)	(4.6)	3.88%
Jul-30-2025	3.54%	(1.34%)	(5.4)	3.88%
Sep-17-2025	3.44%	(1.43%)	(5.7)	3.63%
Oct-29-2025	3.39%	(1.49%)	(5.9)	3.63%
Dec-10-2025	3.41%	(1.47%)	(5.9)	3.38%

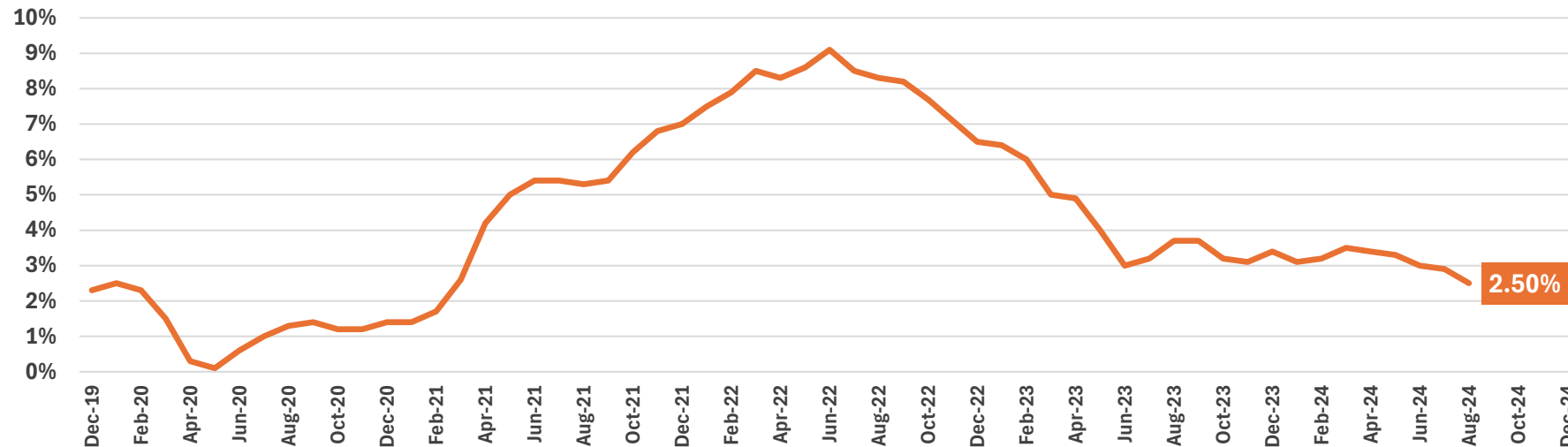
- The Federal Reserve executed the first lowering of the Fed Funds rate since 2020 at the September 18<sup>th</sup> meeting.
- The Fed expects to cut the Fed Funds rate by .50% or 50 basis points by the end of 2024 and then by another 1.00% by the end of 2025.

# Inflation

## Core PCE YoY

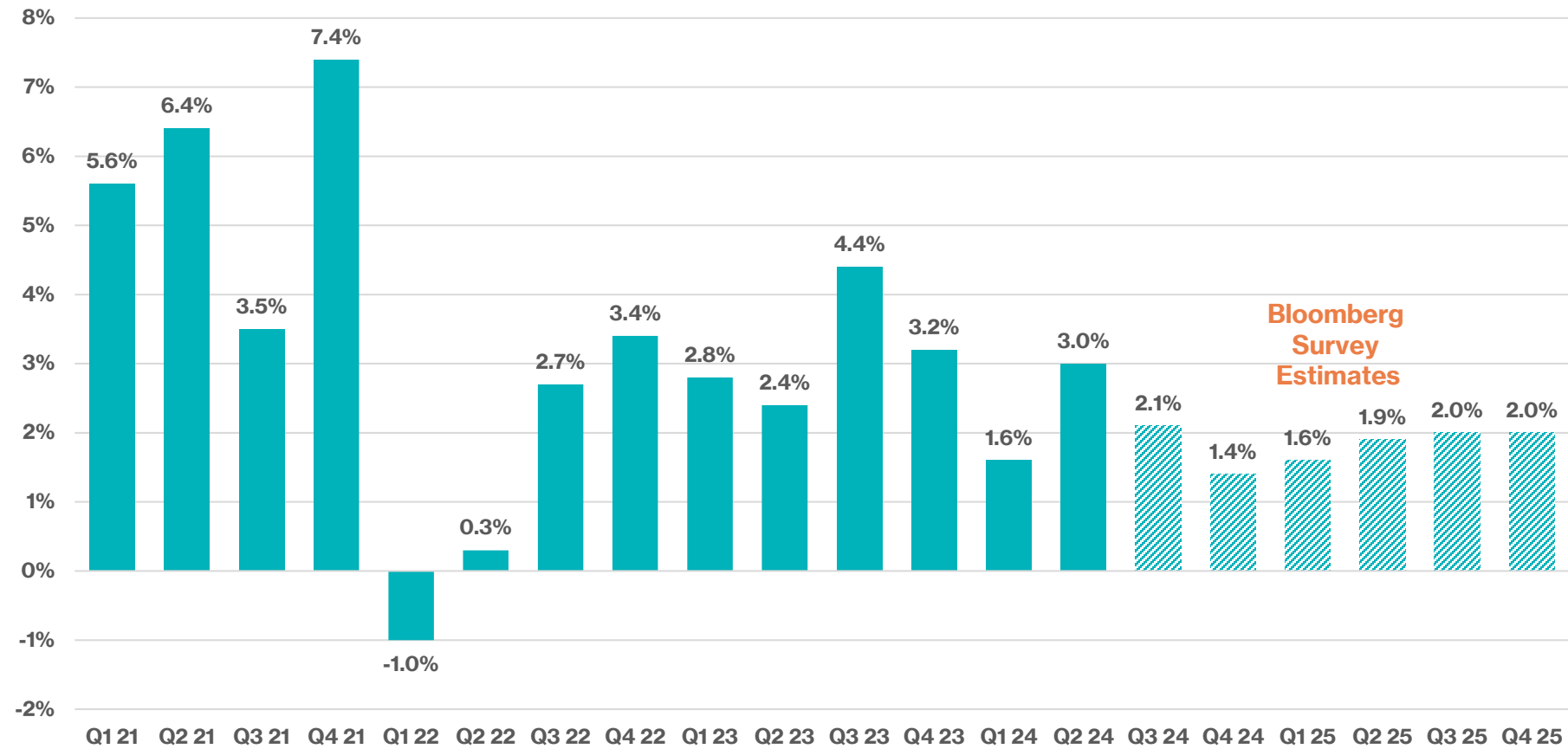


## CPI YoY



- The Fed's preferred inflation gage, Core Personal Consumption Expenditure, has dropped materially from its 2022 high, but has remain somewhat sticky in the mid-2 percent range.
- The year-over-year Consumer Price Index continues its decline, also in the mid-2 percent range.
- Even though inflation's year-over-year rate of change has dropped, overall inflation is up about 20 percent from pre-COVID levels.

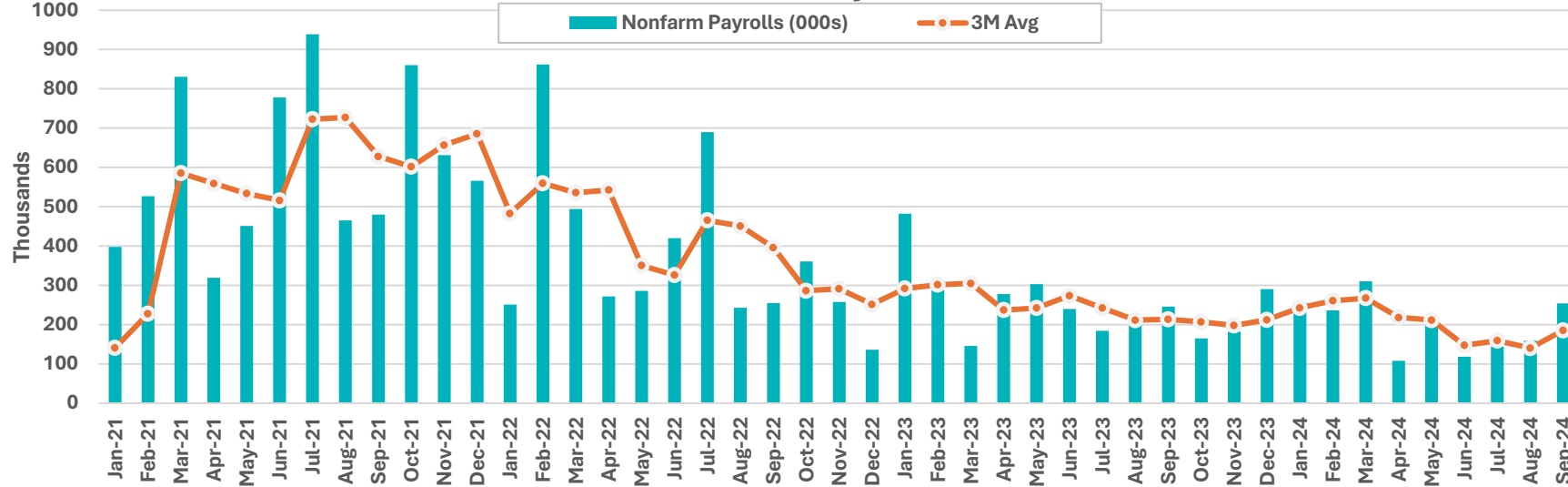
Real GDP QoQ



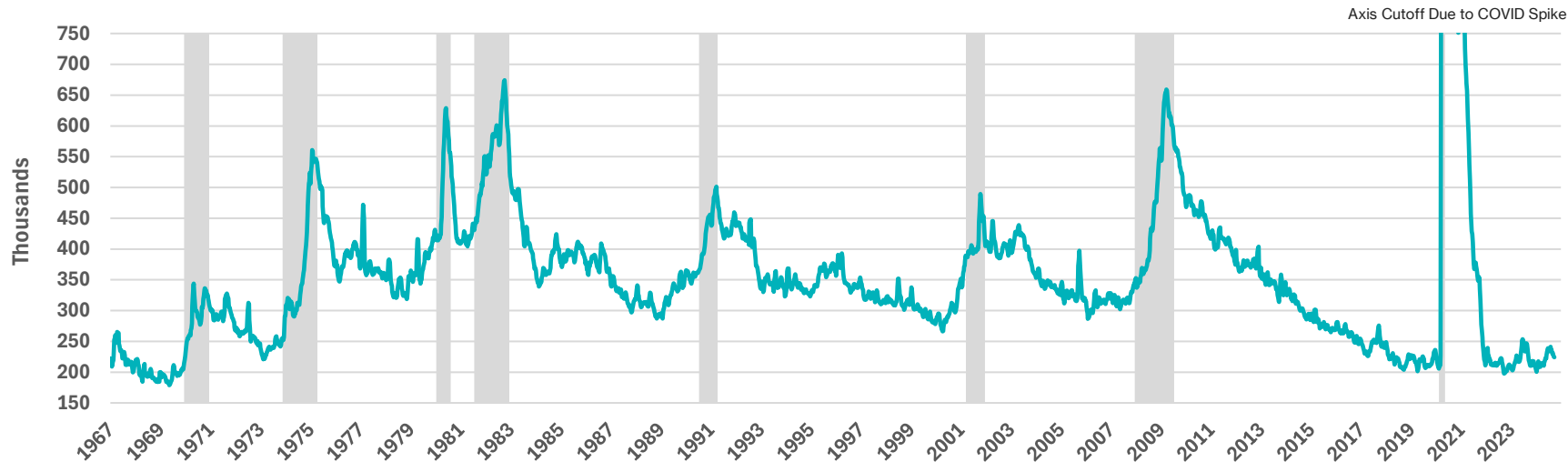
- For the past few years, economists surveyed by Bloomberg have been underestimating U.S. economic growth.
- During mid-2023, this survey showed Gross Domestic Product (GDP) would be less than 1 percent for 2024.
- High levels of federal spending and spending from higher-income households have helped keep 2024's GDP at an elevated level.
- These economists are currently expecting sub-2 percent GDP for 2025. Hopefully, that is underestimating next year's economic growth as well.

# Employment

## Nonfarm Payrolls



## Weekly Initial Jobless (Unemployment) Claims

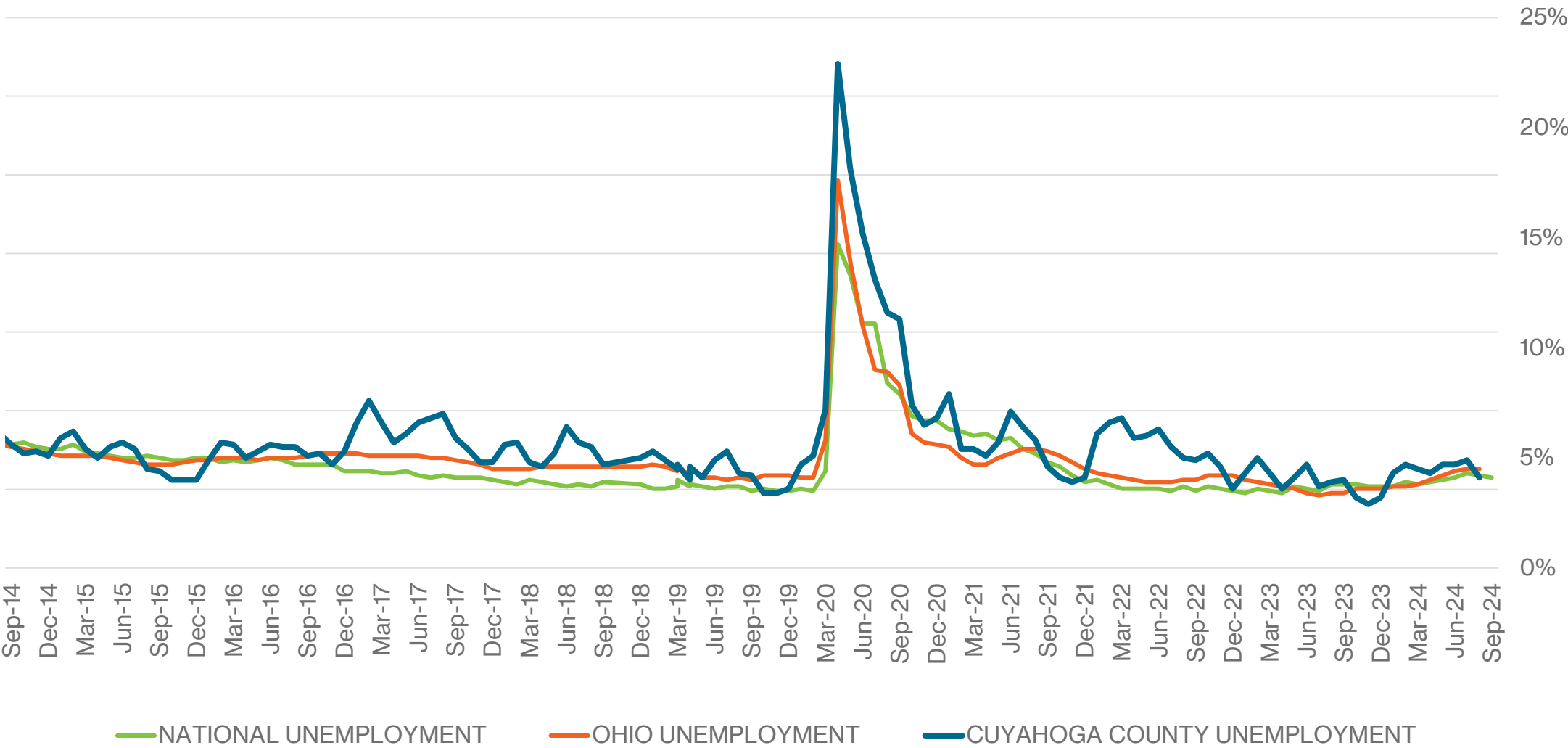


SOURCE: BLOOMBERG, BUREAU OF ECONOMIC ANALYSIS

- Job growth slowed from earlier this year but increased at almost 200,000 per month the past three months.
- The unemployment rate has risen to 4.1% from last year's low of 3.4%.
- A 4.1% unemployment rate is very low historically.
- Weekly Initial Jobless (unemployment) Claims remain at historically low levels.

# Employment

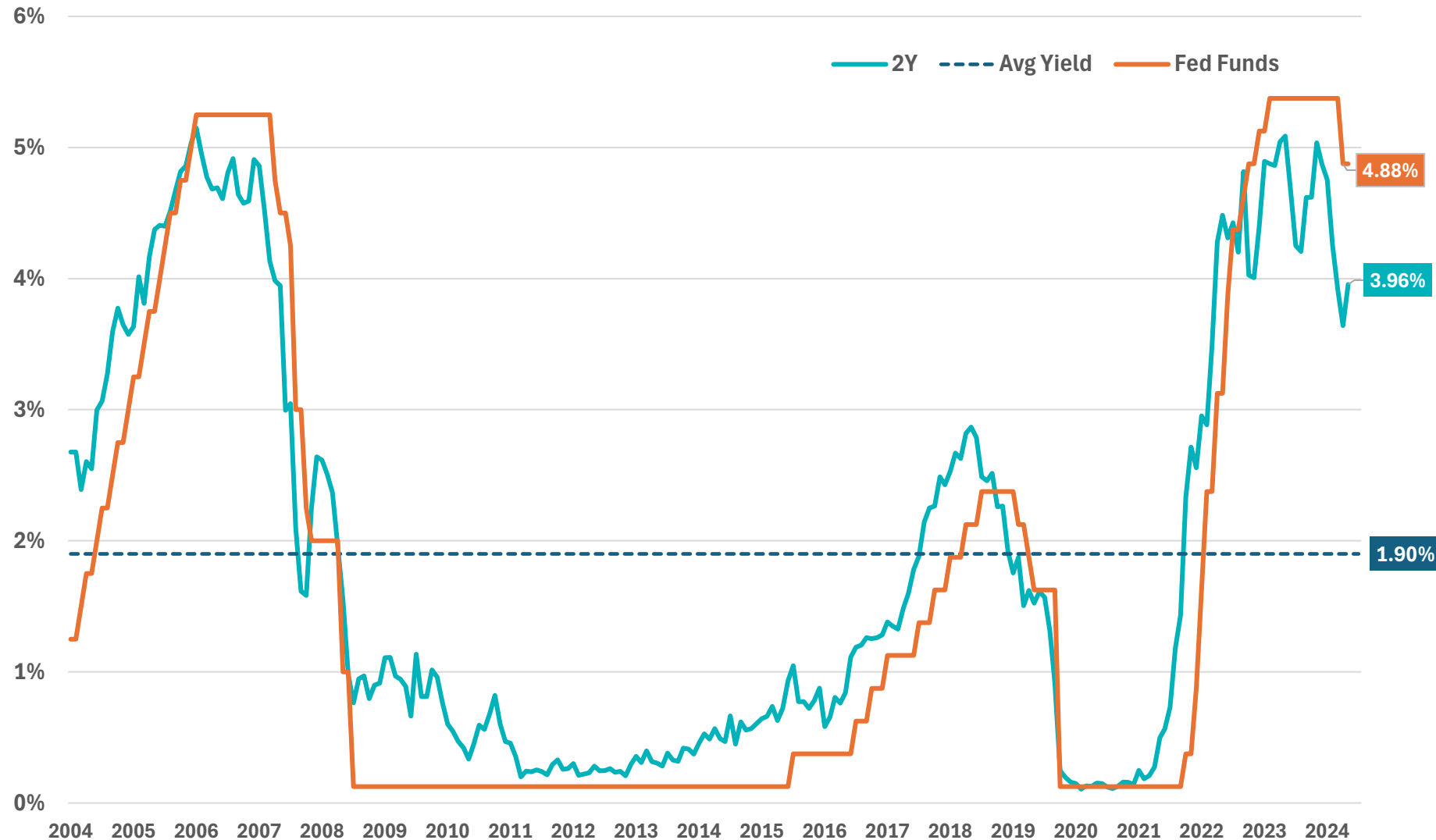
## US & Regional Labor Markets



SOURCES: BLOOMBERG, BUREAU OF LABOR STATISTICS, FRED

# Yields

Fed Funds and 2 Year Treasury Yields Past 20 Years



- Intermediate-term interest rates peaked in October of 2023, with the 2-year Treasury hitting a cycle high of 5.22%.
- Even though interest rates have declined with lower inflation, they are still materially higher than the average the past 20 years.
- We expect the short-term rates (one year and in) to continue their recent decline with future Fed rate cuts on the horizon.
- Intermediate-term rates may pause their decline as market participants evaluate the balance between economic growth and inflation.





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# PORTFOLIO REVIEW

# CORE PORTFOLIO REVIEW

Cuyahoga County portfolio as of 9/30/2024

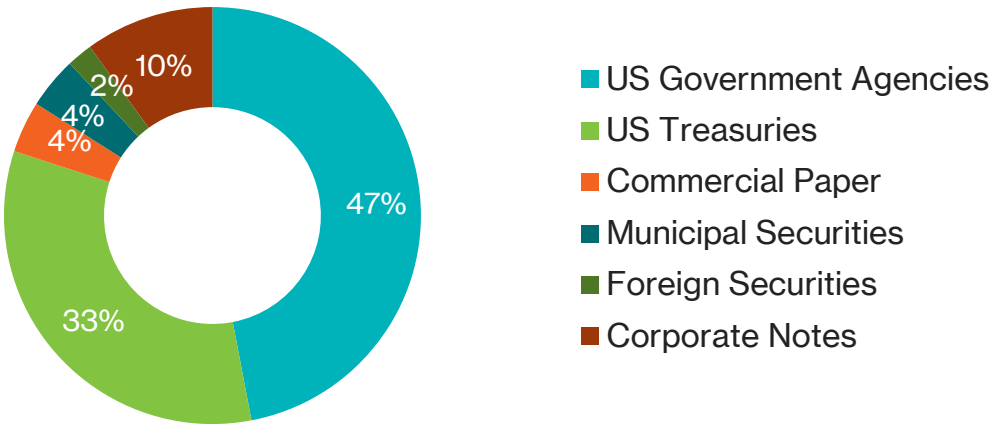
## Your Portfolio

Cash	\$21,675,578
Securities	\$920,388,851
Total Portfolio	\$942,064,429

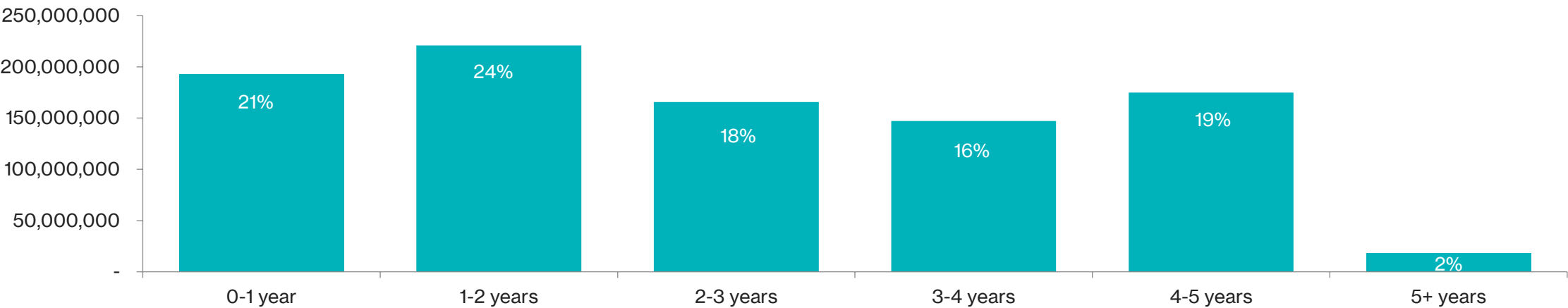
## Your Securities

Weighted Average Maturity	2.54 years
Weighted Average Yield	3.01%
Estimated Annual Income	\$27,703,704

## Your Asset Allocation



## Your Maturity Distribution



ALL VALUES SHOWN AT COST. 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.

# Year-end Investment Statistics

## 2017 - 2024



	PORTFOLIO SIZE	WEIGHTED AVERAGE MATURITY	WEIGHTED AVERAGE YIELD
2017	\$743,993,000	2.83	1.70%
2018	\$689,959,719	2.40	2.19%
2019	\$776,515,558	2.83	2.01%
2020	\$647,284,593	2.89	1.15%
2021	\$914,448,905	2.89	0.97%
2022	\$919,607,905	2.56	1.85%
2023	\$942,738,180	2.55	2.52%
2024 (through 9/30/2024)	\$920,388,851	2.54	3.01%

Yield 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.

# Compliance Review - Core Portfolio as of 9/30/2024



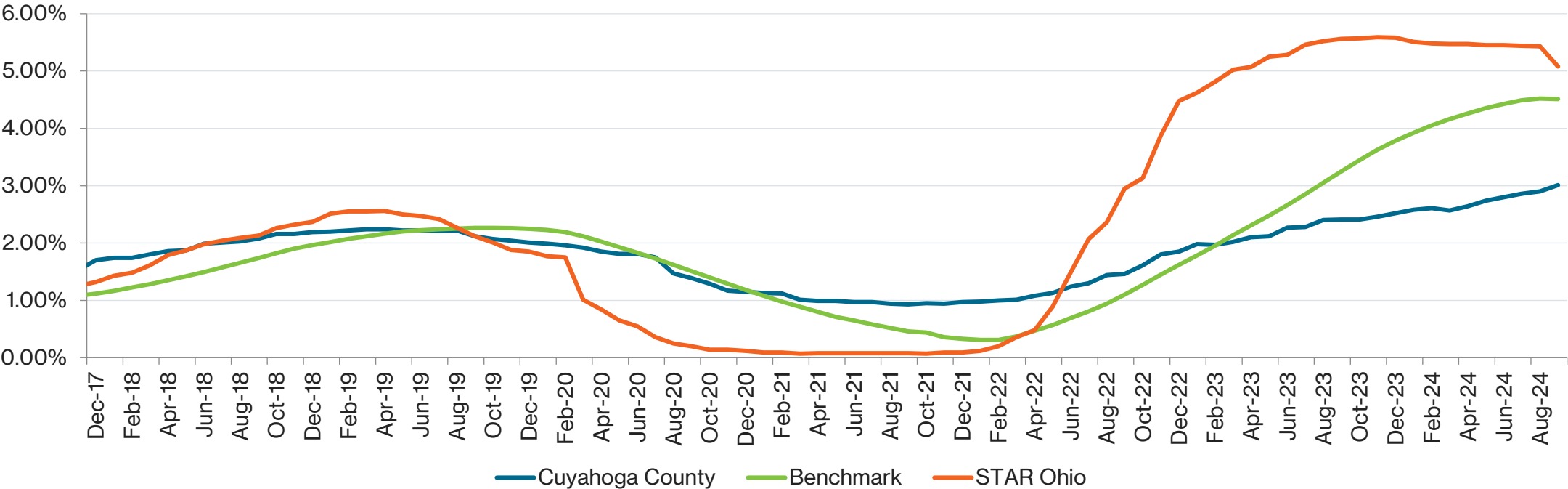
Policy Requirements	Current Allocation	Max Allocation	Test Results
U.S. Treasury Bills/Notes/Bonds	33%	100%	✓
U.S. Government Agencies	45%	100%	✓
Commercial Paper & Bankers' Acceptances	4%	40%	✓
Municipal Bonds/Notes	3%	20%	✓
Money Market Mutual Funds	2%	75%	✓
Corporate Bonds/Notes	10%	15%	✓
Foreign Bonds/Notes	2%	2%	✓

✓ = Compliant    ✗ = Non-compliant

# QUARTERLY COMPARISON

## Cuyahoga County Core Portfolio

	Quarter Ended September 30, 2024 Yield To Maturity
Cuyahoga County <sup>1</sup>	3.01%
Benchmark <sup>2</sup>	4.51%
STAR Ohio <sup>3</sup>	5.08%



1. PERFORMANCE ON TRADE DATE BASIS, GROSS (I.E. BEFORE FEES)  
 2. BENCHMARK IS A 24-MONTH MOVING AVERAGE OF THE 2-YEAR CONSTANT MATURITY TREASURY  
 3. STAR OHIO MONTHLY DISTRIBUTION YIELDS RETRIEVED ONLINE FROM THE STATE TREASURER OF OHIO WEBSITE  
 4. YIELDS FOR CUYAHOGA COUNTY PRIOR TO 9/30/2017, USING YIELDS CALCULATED ON THE 'LONG TERM PORTFOLIO'

# OPIOID SETTLEMENT PORTFOLIO REVIEW

Cuyahoga County portfolio as of 9/30/2024

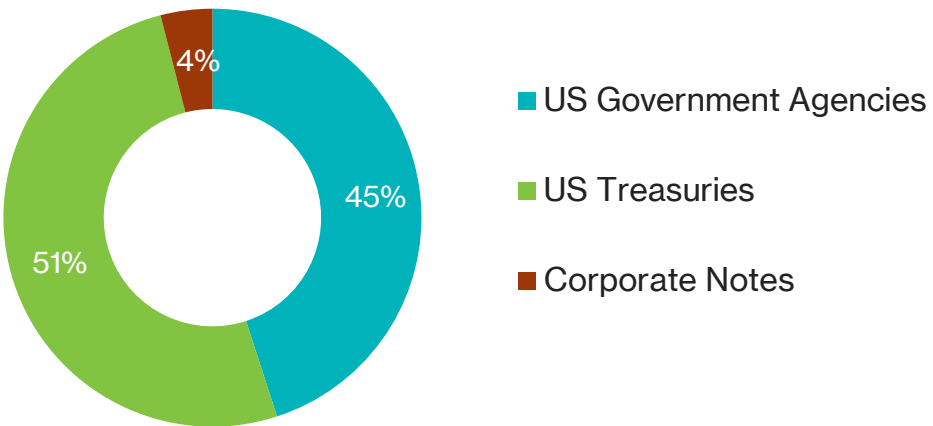
## Your Portfolio

Cash	\$171,249
Securities	\$62,729,121
Total Portfolio	\$62,900,370

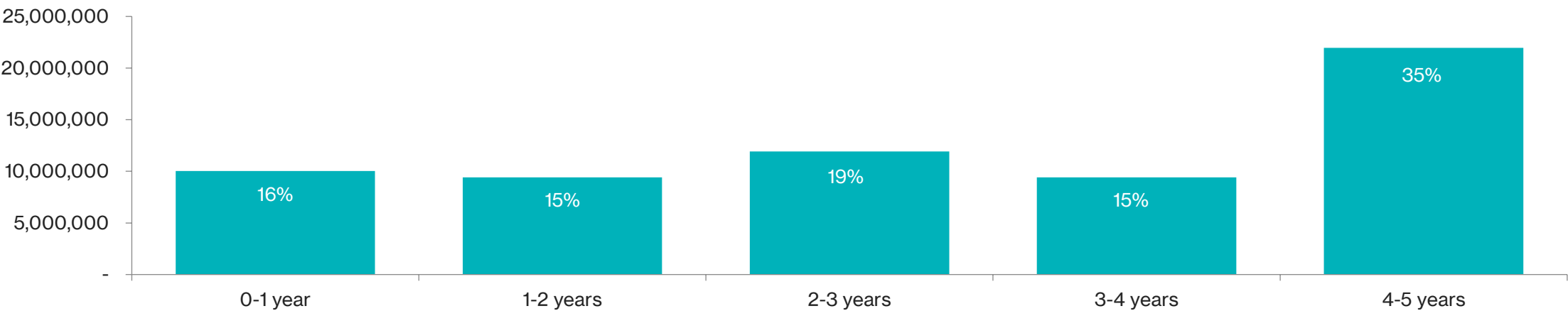
## Your Securities

Weighted Average Maturity	2.91 years
Weighted Average Yield	3.41%
Estimated Annual Income	\$2,139,063

## Your Asset Allocation



## Your Maturity Distribution



ALL VALUES SHOWN AT COST. 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.

# Compliance Review - Opioid Settlement Portfolio as of 9/30/2024

Policy Requirements	Current Allocation	Max Allocation	Test Results
U.S. Treasury Bills/Notes/Bonds	51%	100%	✓
U.S. Government Agencies	45%	100%	✓
Commercial Paper & Bankers' Acceptances	3%	40%	✓
Municipal Bonds/Notes	0%	20%	✓
Money Market Mutual Funds	0%	75%	✓
Corporate Bonds/Notes	0%	15%	✓
Foreign Bonds/Notes	0%	2%	✓

✓ = Compliant    ✗ = Non-compliant

# Disclosures



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