

MINUTES OF THE TRUSTEES MEETING OF THE CINCINNATI SOUTHERN  
RAILWAY TRUST

Sept. 16, 2025

A regular meeting of the Board of Trustees of the Cincinnati Southern Railway Trust (the "Board") was held on Tuesday, Sept. 16, 2025, at 3:00 p.m. at the Cincinnati Parks Administration Office at 950 Eden Park Drive, Cincinnati Ohio. Paul Muething, Mark Mallory, Liz Keating and Paul Sylvester were present in person. Ashley Pannell, City of Cincinnati Law Department Supervising Attorney – General Counsel Complex Contracts; Holly Schnapf, Financial and Administrative Director of Cincinnati Southern Railway Trust; Allen Zaring, Eric Gioia and Tim Bayer, representatives from UBS Financial Services, Inc. ("UBS"); and City of Cincinnati Budget Director Andrew Dudas and Assistant City Manager William Weber and Finance Director Steve Webb were also in attendance. Additionally, Gilbert Garcia, Ruby Munoz Dang and Jazmine Daniels, representatives from Garcia Hamilton & Associates LP, presented.

PUBLIC COMMENT

Cincinnati resident Todd Zinser commended the board for their transparency through the website and asked if we would be posting progress on the City's use of funds for projects. Ms. Schnapf responded that the website connects to the City's Cincy on Track site, which reports all of the specifics regarding fund use and progress. Zinser said he is concerned about the City's ability to spend the money it is given. Mr. Muething stated that the City's website is the best source for how the money is spent, and that CSRT's responsibility is investing the money, the City's responsibility is to spend it. Mr. Zinser also expressed thanks that the meetings will now be recorded by City Cable.

MISCELLANEOUS ADMINISTRATION

Mayor Mallory moved to approve the minutes from the May 16, 2025 Regular Meeting of the CSRT Board, and Ms. Keating seconded. The motion passed unanimously.

UBS PRESENTATION OF THE TRUST FUND PERFORMANCE

Mr. Gioia reported that since inception, the trust fund is up just shy of a quarter of a billion dollars. YTD it is up a little over 11%. He noted that they consider themselves as risk managers above all and structure portfolios to be resilient while positioning for growth. He added that Garcia Hamilton has been a great partner in this specializing in high quality fixed income assets. He introduced the representatives from Garcia Hamilton - Gilbert Garcia, Ruby Munoz Dang and Jazmine Daniels. Gioia noted that Mr. Garcia has an extensive history of civic involvement and municipal leadership. Ms. Munoz Dang reported that Garcia Hamilton has 37 employees, is 100% employee owned and 85% of ownership is by women and minorities. She stated of the \$25B under their management, the average account size is \$45M, so Garcia Hamilton's CSRT portfolio (\$435MM) is very important to them. Ms. Daniels introduced herself and discussed her rise within the organization. Mr. Garcia spoke about his background, including attending Yale and working for Solomon Brothers. He then noted that performance of the CSRT funds they manage has been strong. The return of this fixed income portfolio is 7.51% YTD – outperforming the benchmark index by 100 basis points. He reminded the board that the

role of the fixed income portion of the CSRT portfolio is to provide balance against risk. He shared several examples of how high-quality fixed income continued to pay positive returns during volatile periods that caused downturns in the market overall. He noted that tariffs are likely to lead to significantly decreased interest rates and value for treasuries and corporate bonds. Therefore, they are focusing on long-duration bonds and mortgage-backed securities. He explained that these offer better value and high quality, outyielding the index. He predicted a downturn in the market soon but reassured the board that they are preparing and investing accordingly.

Mr. Mallory thanked Mr. Garcia for the presentation and asked for clarification for the public about what fixed income instruments are. Mr. Garcia explained that in the capital structure of a company, you have ownership (stocks) and debt (bonds). Garcia Hamilton invests in bonds. This is basically a loan that an investor makes to a company or the US government, and the company/government promises to pay interest to the investors (called the coupon rate) at regular intervals. They are focusing on corporate bonds in the current environment. Additionally, they specified that they invest in high quality fixed income, which means they only buy US treasuries, agency guaranteed debt, agency guaranteed mortgage-backed securities and corporate bonds rated Single A- or higher by two rating services.

Mr. Gioia returned and reiterated that he believes Garcia Hamilton is best in class. Mr. Bayer presented exposures and performance of the CSRT Portfolio, noting that as of close of business on 9/15/25 the portfolio was worth \$1,833,549,994.52 and has distributed \$14MM to the City as of July 1, 2025. They expect strong continued cash flow and maintain a diverse investment strategy. The portfolio is up 1.8% month-to-date, 4.44% quarter-to-date, and 11.15% year-to-date. He added his thanks for Garcia Hamilton and noted that their portion of the portfolio was up 7.6% as of 9/15/25 compared to the index which was up 6.6%.

Mr. Zaring recapped the performance over the 2025 Fiscal Year. The trust funds increased by 8.83%. As the balance in the Trust fund did not *decrease* in value by 25% or more during that period, it has met the test to distribute funds to the City of Cincinnati in accordance with the Ferguson Act. Mr. Sylvester moved that the board ratify Mr. Zaring's calculation and certify that the balance was sufficient to make a distribution in the upcoming year (FY2027). Mr. Mallory seconded. Ms. Keating asked if this is the ceiling of the amount the board could authorize. Mr. Muething clarified that the motion was not regarding the distribution amount, it was to certify that the value of the portfolio was high enough to make a distribution of any amount. (These conditions are met if the Trust value has not decreased by 25% or more). Ms. Pannell added that the requirement in the Ferguson Act is that the board certifies two things – the amount of principal remaining in the trust fund and the second is the City disbursement. A roll call vote was held on Mr. Sylvester's motion. All members voted yes.

Mr. Zaring then presented on the FY2027 distribution calculus. He noted that the industry standard is to use the 3-year average of the portfolio's year-end value to determine distributions. Since the Trust does not yet have a 3-year average, they recommended the following interim methodology: take the FY26 distribution of \$56MM and add 2.67%

representing inflation, for a total FY 27 distribution starting point of \$57,495,200. Mr. Muething clarified that after we have completed 3 years of investment, we can calculate distribution as industry standard dictates. In the interim, he feels UBS's recommendation for calculating distributions is consistent with CSRT's promises to the electorate, noting that this level of distribution is more than double what the lease payment was. While he agreed with the calculation, he recommended rounding up to \$58MM. Mr. Sylvester agreed, noting that the 2.67% interest rate projection was dated and has now increased. Mr. Sylvester made a motion that the FY27 distribution to the city be \$58MM with quarterly payments of \$14.5MM beginning in July 2026. Mr. Mallory seconded the motion. Mr. Mallory asked Mr. Sylvester if there had ever been a time when the lease payments doubled. Mr. Sylvester said this occurred in 1987s after a lease renegotiation, that was based on special circumstances. With no further discussion, all board members voted to pass the motion in a roll call vote.

Mr. Zaring then noted that UBS has reviewed the investment policy as they are required to do annually. They found the policy to be in order with two caveats. He recommended adding: "The amount available for appropriations during each fiscal year shall be calculated by applying the policy spending rate to the average of the previous three fiscal years' ending-period portfolio value," and, "The policy spending rate shall be targeted at 3.50 percent per fiscal year, the period between July 1 and June 30, payable quarterly." Mr. Muething asked if saying "targeted" was enough to make it clear that the spending rate could be higher or lower. Mr. Gioia commented that this is not hard and fast and that the board has flexibility in actual spending rate. Mr. Muething recommended pausing inclusion of these additions, in order to improve clarity in wording.

Mr. Zaring continued that the current investment policy includes investing 50% in fixed income and 50% in equities. He suggested that this policy be amended to allow for investment in other diverse assets in the future, such as precious metals and real assets. He makes this recommendation because they anticipate significant market risk in coming months. He said they would like to come back to the next CSRT meeting with a formal recommendation. Mr. Muething asked if UBS thinks the market will stay strong until the next meeting. Mr. Zaring said that the current environment is good, but it is hard to predict when a downturn will occur. He reiterated that they would like to do their analysis and then come back to the board. Mr. Muething reminded Mr. Zaring that a special meeting could be held if needed to make these adjustments before the next regular meeting.

#### TREASURERS REPORT

Mr. Sylvester presented an invoice for approval from the City of Cincinnati for legal services during January-June of 2026 in the amount of \$3,816.14. Mr. Mallory made a motion to approve payment of the invoice, Ms. Keating seconded, and the motion was unanimously approved.

Ms. Schnapf noted that CSRT received reimbursement from US Digital Partners for \$1050 for unused website maintenance fees. This has been deposited into the Trust.

CITY OF CINCINNATI PRESENTATION IN INFRASTRUCTURE PROJECT  
BUDGETS FY26 AND FY27

Assistant City Manager Billy Weber thanked the board for approving \$58M for FY27 and noted that it was more than anticipated and will be helpful as they get into capital budget planning. He noted that fiscal spending on infrastructure from 2015-1015 has averaged \$50M annually, half of which came from CSR lease funds and the other half from tax revenue. Looking forward, from FY26-31 they project an average of \$82.7MM in total annual infrastructure spending (projecting \$56M from CSRT + 1% annually with the rest from other sources).

He then presented the 6-year capital improvement plan including expenses related to existing infrastructure, as well as equipment and economic development costs(funded by other sources).

In FY2025, they received \$29.2 MM from CSR funds which were allocated across the following categories: street and bridge projects, parks and recreation, healthcare facilities and City facility renovation.

He then presented the dashboard of progress on infrastructure projects with data pulled directly from the City's financial system, based on the contracts that are initiated. This is available to the public at <https://insights.cincinnati-oh.gov/stories/s/99xd-sc76>. He noted that the Cincy on Track dashboard will evolve over time to improve functionality.

Andrew Dudas, City Budget Director, presented plans for FY2026 for use of the allocated \$56MM. He noted that in FY 2026 no CSRT funds were allocated to the Health Department because they received funding from other capital sources. He added that 52% of funding will go to projects in neighborhoods where the median income is \$50K or less. 30% will go to neighborhoods with incomes above that number. The remainder will fund projects supporting City facilities and benefiting all neighborhoods. He then showed a graphic of the distribution of projects by neighborhood (available on our website, [www.thecsrt.org](http://www.thecsrt.org)).

Mr. Dudas then highlighted a variety of FY26 projects in each category. \$6.44MM will go toward City facilities renovations, \$34.5MM will go to Dept. of Transportation (streets, bridges, safety), and \$15.1MM will go to Parks and Recreation.

Mr. Sylvester thanked the City representative for their clear and concise presentation and asked if they could come back to give a progress report in six months. Mr. Weber responded that he had arranged with Ms. Schnapf that they would provide an update at the May meeting on current spending/projects. Mr. Dudas added that they can then come back again in September to talk about what is approved for the next fiscal year (FY27).

WEBSITE UPDATE/DISCUSSION

Ms. Schnapf reported that the new website launched in June – [www.thecsrt.org](http://www.thecsrt.org). She stated that between then and August 28, there were 451 unique users and 1000+ total views, and the top three pages of interest were the home page, financials, and public information. She

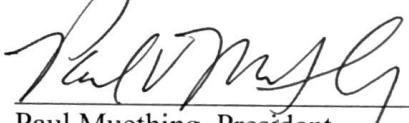
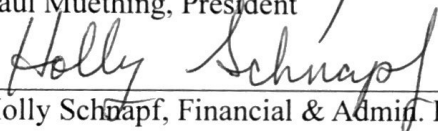
reminded the Board that along with monthly updates of CSRT financial information, the website also includes meeting minutes, project updates and links to the City's Cincy on Track site. She invited the board to offer any feedback about additions or changes they would like to see. There was none.

#### MISCELLANEOUS BUSINESS

An additional citizen, Stuart Hodesh offered public comment. He thanked the board for the meeting, noting that he opposed the sale of the railroad, but he now sees that the board has done a wonderful job and hopes that we can continue to be wise with the money. He thanked the City and UBS for wonderful presentations. He then asked Ms. Schnapf if there was a way to be personally notified of upcoming meetings or if you have to go on the website. Ms. Schnapf said that there is a contact form on the website he could use to let the CSRT know he would like meeting notifications. Mr. Muething noted that the next meeting will be November 17, 2025, from 2-4 p.m. at the Parks Administration building. He added that at that meeting the 2026 meetings will be set. Mr. Sylvester added that the meetings are also now being recorded, and recordings will be available on the website.

#### ADJOURNMENT

Mr. Muething adjourned the meeting.

  
\_\_\_\_\_  
Paul Muething, President  
  
\_\_\_\_\_  
Holly Schnapf, Financial & Admin. Director

11-17-25  
Date  
11/17/25  
Date