

MINUTES OF THE TRUSTEES MEETING OF THE CINCINNATI SOUTHERN  
RAILWAY TRUST

May 20, 2025

A regular meeting of the Board of Trustees of the Cincinnati Southern Railway Trust (the “Board”) was held on Tuesday, May 20, 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”); City of Cincinnati Finance Director Steve Webb, and Christine Noone, representative from the City of Cincinnati’s Finance Department were also present. Additionally, Joe Caticchio and Ben Goldberg, representatives from State Street Global Advisors, presented.

PUBLIC COMMENT

Cincinnati resident Todd Zinser requested that CSRT meetings be broadcast, so that citizens can remain informed. Mr. Muething remarked that he was open to this request. Ms. Pannell offered to connect Ms. Schnapf with representatives from City Cable to discuss options for virtual viewing of meetings.

MISCELLANEOUS ADMINISTRATION

Mr. Sylvester moved to approve the minutes from the February 11, 2025 Regular Meeting of the CSRT Board, and Mr. Mallory seconded. The motion passed unanimously.

UBS PRESENTATION OF THE TRUST FUND PERFORMANCE

Mr. Goia reported that UBS remains pleased with the fund’s performance even during these volatile times. The portfolio is up 3.5% YTD and 7.53% over the last year and totals \$1,719,281,833.89. He reminded the trustees that portfolios are built to achieve stability through choppy waters. However, it is inevitable that macroeconomics will have an impact and drive returns. Tariffs have been a significant concern but markets have reacted positively to recent updates (trade agreements and decreased tariffs vs. original projections). S&P profits have outperformed expectations. Forward-looking returns after periods of volatility have been quite positive historically. This leads UBS to be optimistic.

Fixed income markets (bonds) reacted to tariff announcements with immense negative volatility. Negative bond markets and corresponding economic downturns tends to be a constraint on public policy. Government leaders have taken this into account, and it appears to be leading to the better trade deals that Washington is hoping for. UBS believes that there will not be a full-blown recession.

Tim Bayer introduced Joe Caticchio and Ben Goldberg – vice presidents at State Street Trust. State Street manages the equity portion of the CSRT portfolio. Mr. Caticchio presented an overview of the company, noting that it was founded in 1978 but is part of State Street Bank (230+ years old). State Street is the creator of the world’s first EFT and

they are pioneers in indexing. They are responsible for managing about 11.5% of the world's assets.

Mr. Goldberg noted the CSRT portfolio is performing as expected in the current climate. He continued that CSRT's State Street portfolio is invested in US equities, which he believes is the best path. He noted that the way they manage performance is ensuring that their equity index funds track within tolerance, based on cumulative quarterly gross-of-fees returns for all Systematic Equity Index managed pooled, and separate account for both 3- and 5-year periods ending March 31, 2025. Tracking difference is based on the difference between portfolio and benchmark cumulative returns. 100% meet this test. Additionally, he noted that the volume of their trades (\$834B) allows them to keep costs down, charging 11% lower trade commissions than peers.

Mr. Sylvester asked if State Street involves AI in their processes for efficiency. Mr. Goldberg said they are just rolling out AI and looking at how it can be beneficial to the business.

Performance: Mr. Bayer noted that it has been an eventful quarter, but they are very pleased with the CSRT portfolio's current results (\$1,719,281,833.89). The portfolio stands at the equity to fixed income target (50.12% of the portfolio in publicly traded equities, remainder in fixed income and cash). There continues to be robust cash flow coming into the portfolio from equity dividends and bond coupons. Diverse equities are buffering against volatility, and the credit quality remains robust. Annualized return is 6.7%. UBS remains pleased with all investment managers and their performance, and they were notably pleased with the active fixed income performance over the last quarter.

Mr. Zaring reported that on April 30, Community Capital Management (CCM) made UBS aware that they had experienced a cyber security breach. CSRT's name, address and EIN were exposed (this is already public information). The perpetrator was identified as part of a ransom hub network (an international cyber criminal affiliation which attempts to break into organizational networks, encrypt data and then send ransom notes requesting payment in order to regain access to the data). They were not successful in infiltrating CCM's data. CCM has taken steps to increase their security. There is no evidence of continued unauthorized access. CCM's client investment accounts were never at risk. UBS serves as soul custodian for CSRT's accounts, taking verified trading recommendations from asset managers, but CSRT's assets never leave UBS.

Ms. Keating asked for confirmation that the Trustees' personal log-in information to the UBS account is not passed on to the asset managers. Mr. Zaring confirmed that the personal information is not shared externally.

Mr. Goia noted that cyber scams are becoming more and more rampant in the world and urged community members to be extremely careful, particularly when moving money. Mr. Sylvester added the importance of backing up information.

Income Projection: Mr. Zaring reported that the income generated to date is \$52 million and an additional \$7.7 million is expected by June 30. Therefore, regardless of the markets,

the Trust has more than enough income to fulfill the promised quarterly disbursements of \$14MM to the City starting July.

Mr. Muething remarked that in September CSRT will need to inform the City of the allocation for FY27, so forward-looking income projections will be needed. Mr. Zaring confirmed this will be available. Mr. Sylvester added that this income exceeds our target of 3.5% earnings (with cushion) on the Trust and that the forward view looks like this will be maintained. Ms. Keating asked if the equal distributions to the City make sense based on the City's use of funds or if there are periods where more fund should be held in the Trust, continuing to grow. UBS said they defer to the trustees regarding the dates and amounts of disbursements. Mr. Muething added that the trustees agreed to this quarterly payment pattern when they verified to the City that \$56MM would be allocated.

Ms. Keating asked the State Street representatives if they agreed with UBS' macroeconomic outlook. Mr. Goldberg said they did agree. They are not expecting a full-blown recession.

#### TREASURERS REPORT

Mr. Sylvester reported that after review with a tax consultant, CSRT filed the final tax return to the State of Kentucky in April 2025 showing no tax due. It is marked as the final return because of the sale of the railroad to Norfolk Southern in 2024. In previous years Norfolk Southern was preparing this tax return on behalf of the City of Cincinnati.

Mr. Muething commented that after a thorough search for skilled tax consultation, CSRT connected with Mark Sommer from Frost Brown Todd's Louisville office. Mr. Sommer is extremely knowledgeable of KY tax law and put together the filing. CSRT representatives challenged him, but he was confident that the argument that no taxes are due is sound. Mr. Mallory made a motion to approve tax consultation fees from Frost Brown Todd up to \$100,000. Ms. Keating seconded the motion. Unanimously approved.

Mr. Sylvester presented invoices for approval: Frost Brown Todd (\$61,740.10). Mr. Muething made a motion to approve, Ms. Keating seconded, and the motion was unanimously approved. Mr. Muething commented that although \$100,000 was authorized for tax consultation, no further fees beyond the current invoice are anticipated in the near future.

Mr. Sylvester presented a US Digital Partners invoice for web maintenance (\$370). Ms. Keating asked if we figured out if we could recoup a portion of the funds spent for 2025 web hosting if we no longer use the site. Ms. Schnapf noted that it is still unclear whether we will be able to shut down the current site and said that when we are certain we can shut down the current site, she will look into the potential of reimbursement for the remaining months. Mr. Sylvester added that the original invoice required us to pay for the full year up front. Ms. Schnapf clarified that the current invoice was for changes to the site and noted that when the new site is launched, changes will be made in-house and these fees will stop. Mr. Mallory motioned to approve the US Digital invoice, Ms. Keating seconded, and the motion passed unanimously.

#### NEW CITY OF CINCINNATI FINANCE DIRECTOR

The board welcomed the new City of Cincinnati Finance Director Steve Webb. Mr. Webb shared his background, including working for the cities of Indianapolis and Covington KY.

WEBSITE UPDATE/DISCUSSION

Ms. Schnapf thanked the trustees for reviewing the draft version of the website and suggested edits. She invited discussion prior to launching the site. Because CSRT isn't determining how the money is being spent, Mr. Muething wants to make sure it is understood that we are *reporting* how the money is spent, not *determining* how it is spent. Ms. Keating added that whatever terms are used in the City report to describe categories of spending should be mirrored on the CSRT site. Ms. Schnapf agreed and added that the information is pulled from Cincinnati's reporting webpage – Cincy Ontrack <https://www.cincinnati-oh.gov/cityofcincinnati/display-objects/banners/cincy-on-track-critical-infrastructure-plan/>.

Mr. Sylvester asked how the site will be promoted. Ms. Schnapf said she spoke with the web developers about possibilities for search engine optimization. They believe the essential work will cost \$900 and include: Google Business Profile set-up and optimization, meta title & description optimization, schema implementation and internal link juicer set-up. The next tier is ongoing support, which would cost \$1500-\$4000 annually. Mr. Muething believes we should move forward with the basic \$900 optimization. Ms. Schnapf agreed and suggested that she could additionally create news releases letting residents know about the new site. Mr. Sylvester asked if we would get statistics about usage. Ms. Keating suggested setting up a Google Analytics log-in and agreed that we don't need to spend further money on SEO beyond the initial optimization.

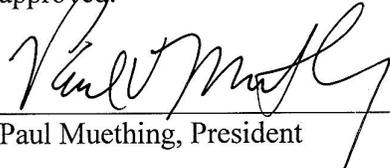
Ms. Keating summarized that the new site is well-done, very clear, and should be helpful in providing the information residents need to understand how the money is invested, used, and how decisions are made.

MISCELLANEOUS BUSINESS

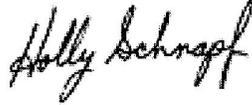
Ms. Keating congratulated Mr. Muething for being honored by University of Cincinnati's College of Law as a Distinguished Alumnus.

ADJOURNMENT

Mr. Mallory moved to adjourn. Mr. Sylvester seconded the motion. Unanimously approved.

  
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Paul Muething, President

Sept. 16, 2025  
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Date

  
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Holly Schnapf, Financial & Admin. Director

Sept. 16, 2025  
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Date