

MINUTES OF THE TRUSTEES MEETING OF THE CINCINNATI SOUTHERN  
RAILWAY TRUST

February 10, 2026

A regular meeting of the Board of Trustees of the Cincinnati Southern Railway Trust (the "Board") was held on Tuesday, February 10, 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. Holly Schnapf, Financial and Administrative Director of Cincinnati Southern Railway Trust; Kevin Frank, William Weber, Andrew Dudas, Steve Web and Christine Noone from the City of Cincinnati and Allen Zaring, Eric Gioia and Tim Bayer, representatives from UBS Financial Services, Inc. ("UBS") were also present. Additionally, Robert Hinnant and Hrishi Balagi from Brookfield Asset Management presented virtually.

PUBLIC COMMENT

Todd Zinser voiced his concern regarding the City's ability to use CSRT funds in a timely manner, noting that only a small percentage of the funds allocated from the CSRT since 2024 has been spent. He also voiced concern regarding how the funds were invested by the City prior to being spent and urged the CSRT Board of Trustees to look into if the funds are being used and invested in accordance with Ohio law. Additionally, he referenced a letter he sent to the Board (see Attachment A) as well as the responses by the City (Attachment B) and by Paul Muething on behalf of the Board (Attachment C), and asked that the Board continue to consider keeping the allocated funds invested in the Trust until the City is ready to spend them. Mr. Muething informed Mr. Zinser that representatives from the City would be presenting later in the meeting, and there would be the opportunity for further dialogue regarding Mr. Zinser's concerns.

MISCELLANEOUS ADMINISTRATION

Mayor Mallory moved to approve the minutes from the November 19, 2025, meeting. Ms. Keating seconded the motion. The motion carried unanimously.

UBS PRESENTATION AND INTRODUCTION OF BROOKFIELD AM

Overview

Mr. Gioia reported that the trust fund closed 2025 up 13.45% with a year-end portfolio value of \$1.86B. That result is net of two \$14MM disbursements to the City of Cincinnati made in July and October of 2025. As of 2/9/26, the trust was up 2.52% year to date. He added that these are equity-like returns, with less than half the portfolio in equity, which means ultimately less volatility for the portfolio and a more predictable income stream in future years.

Mr. Gioia continued that he is optimistic that the global economy will continue to tick upward in 2026. UBS expects US inflation to stabilize and that the Fed will cut rates again by the end of the second quarter.

From a portfolio perspective, UBS continues to favor high quality fixed income as interest rates decline. UBS also made selective investments in private credit and infrastructure, which offer compelling income potential and diversification while parts of the labor market are cooling. He added that UBS believes the strength of the consumer and the accelerated impact of AI provide a meaningful support mechanism for continued economic expansion by balancing quality fixed income with diversified equities and alternatives. In summary, UBS believes the trust fund continues to be well-positioned to navigate 2026 with confidence.

#### Brookfield Asset Management

Mr. Goia then introduced Robert Hinnant and Hrishi Balagi from Brookfield Asset Management, which manages the trust fund's new core infrastructure allocation. Brookfield is one of the world's largest alternative investment managers with over \$1 trillion under management and a 125-year history as an owner and operator of real assets.

Mr. Hinnant thanked the Board for entrusting a portion of the CSRT assets to the Brookfield Infrastructure Income Fund. He noted that Brookfield itself is the number one investor in anything they do, adding that there is no way to be better aligned with the interests of CSRT and other investors than to be the number one investor themselves. He noted that there are two key benefits the CSRT receives through their investments with Brookfield: 1. They invest in essential infrastructure, meaning it is a reliable investment regardless of external factors. 2. 85% of the investments are under long-term contracts, meaning they know exactly what the return will be. This leads to very low volatility and a tight return band.

Mr. Balagi then spoke about his role overseeing the fund as portfolio manager. He noted that the benefit of this fund is that CSRT is getting access to Brookfield's infrastructure platform managing over \$350 billion, investing in transport, energy, and utilities. Private infrastructure equity makes up two-thirds of the investments, and the remaining 1/3 is split between private infrastructure debt and public short-term debt.

Mayor Mallory asked how much of the portfolio was invested with Brookfield. Mr. Bayer responded that approximately 3% is invested with them currently, which provides a counterbalance to some of the more volatile assets.

#### Portfolio Update

Mr. Bayer shared that as of close of business on 2/9/26, the portfolio was valued at \$1,889,672,744.61. Asset allocation of the portfolio includes less than 10% in nontraditional asset classes, representing approximately \$183MM. Equity allocation is about 46% of the portfolio. Fixed Income is 43%. UBS maintains a very intentionally diverse equity capitalization and style ratio. Year to date, the trust fund is up 2.52% which corresponds to a since-inception, annualized return of about 10.88%.

Mr. Sylvester noted that 10% of the bonds in the portfolio were B-rated for credit quality and requested more information about the decision to invest in those. Mr. Bayer said that they have locked in attractive yields, which thus result in steady income. That said, they feel no need to go down in credit quality of that income. He added that they can access all

the income needed by working with investment-grade companies or government organizations. He reiterated that they are delighted to not have to buy non-investment grade or speculative debt to achieve that income.

Mayor Mallory confirmed that since inception, the trust fund has earned 10.8% and asked for a reminder of what the stated annual goal was for returns. Mr. Bayer responded that the goal was to produce returns of at least 5.5%.

Mr. Zaring then spoke about the projected 2026 income for the portfolio, noting that the amount the CSRT gives to the City will now all be covered by the income of the portfolio. The growth of the portfolio has yielded 3.5% returns strictly from income, never having to dip into principal. So, principal will allow the portfolio to keep up with inflation; growth of the portfolio will continue to produce more income. He forecasted that the amount the CSRT Board can give to the City will consistently grow along with these assets.

Mr. Muething responded that the CSRT Board of Trustees continues to be extremely pleased with UBS and thanked them for their work.

#### PRESENTATION FROM CITY OF CINCINNATI

Assistant City Manager William Weber stated he would present on the deployment of CSRT funds and the City's investment and cash management practices. He distributed a document (Attachment D) that illustrated the Capital Project Process and the Cincy on Track (CSRT distribution) funds financial status.

He explained that there are several stages to the capital project process – capital planning, appropriation of funds (when City Council allocates the funds as part of the budget process), design, procurement, contracting and encumbered funds (when the City executes contracts that obligate the funds to a contract) and spent.

As of 2/9/26, 100% of funds allocated by the CSRT to the City for FY25 and 26 have been appropriated. 30% of the funds are encumbered, and 12% have been spent. They are working on administrative and process changes to more rapidly increase these percentages. They are improving the capital planning process by working with elected officials and City department leadership to create legitimate, prioritized six year capital plans. The City administration is meeting with department directors, identifying where they are in deployment of all capital resources, and then reviewing their prioritized six year plan, so that City administration can make very informed decisions on who's prepared to move projects forward. Second, they are adding staffing capacity for procurement. The new Chief Procurement Officer, Laura Costillo, is streamlining processes and procedures to balance procurement policy goals with the need to move the process along more quickly. Third, they are improving staffing and deployment oversight for capital projects by having them centrally managed by the Department of Public Services, which has a more robust team handling these projects than the individual City departments (Parks and Recreation, Health, etc.).

Mr. Muething asked if the City can contract projects if they don't have the funds in-hand. Mr. Weber said the funds must either be in-hand or determined to be in collections. Mr. Muething then noted Mr. Zinser's concerns and asked if the City would be able to get started on the projects after the distribution amount is approved by the CSRT Board of Trustees, even if they didn't receive the money until projects were encumbered. Mr. Weber said it was possible, but not recommended, because it would create a large administrative burden for both the City and the CSRT. He added that certainty and predictability are critical simplifiers to ensure projects progress in a timely fashion.

Mr. Sylvester remarked that the implementation processes Mr. Weber outlined seem to be annual rather than the six-year planning he referred to. By way of example, he asked if road repair could be expedited by executing a multi-year contract. Mr. Weber said they can't appropriate funds outside of a fiscal year. However, they could possibly create a multi-year contract *contingent* upon appropriation.

Mr. Sylvester then reminded all present that the Ferguson Act mandates that both the amount of funds that will be distributed to the City and how/when funds will be disbursed is set annually in September for the next fiscal year (starting the following July 1). Therefore, the September meeting is a more appropriate time for a lengthy discussion about when and how to make distributions.

Mayor Mallory added that executing City projects is complicated because funding is often coming from many different sources with different specific mandates and timing.

Mr. Weber suggested that the City could begin inviting department representatives to present to the board about their progress on projects if helpful.

Mr. Sylvester noted that holding the money for a longer period before distributing it to the City could be counter to Ferguson Act mandates.

Ms. Keating asked if there are enough contractors to bid on these projects and if the contractors and subcontractors have the capacity to grow.

Mr. Weber responded that the capacity is there, but there may not be enough contractors to get competitive pricing. He added that it is more challenging to do business with a local government than a private company, which limits the number of contractors willing to bid on City projects. He added that the Chief Procurement Officer was looking into legislative and administrative ways to improve that situation.

Mayor Mallory said that moving forward he will want updates on how the money is put to work on projects and what the minority spend is for contracts. However, he understands and fully expects that there will be a lag in spending given all the factors discussed.

Mr. Weber then discussed how CSRT funds were invested after they are allocated to the City. He noted that all funds are pooled and invested. The finance department understands exact cash flow needs of the City, and they draw down those investments accordingly. They

use government fund accounting to keep all the sources and the returns very clear. All returns are then distributed, in accordance with the Cincinnati Municipal Code.

Mr. Sylvester asked for clarification regarding whether the interest was allocated to the general fund or specifically to infrastructure.

Mr. Weber said interest goes to the general fund in accordance with Cincinnati Municipal Code.

Mr. Muething added that the City's non-CSRT contribution to the total infrastructure budget is well in excess of the interest the City makes on the CSRT funds. So, given the fact that money is fungible, if someone were to suggest that the interest on the CSRT funds was not going to infrastructure, that could be proven otherwise.

Mr. Weber agreed and added that the City is not holding funds or delaying projects to earn more interest. They are committed to moving projects forward as fast as possible.

Mr. Sylvester asked that the City share progress toward reducing the deferred maintenance backlog on an ongoing basis.

Mr. Weber said that they will have a new estimation as part of this year's budget that will be released in May, and they will share that with the Board.

Mr. Sylvester remarked that if processes become more efficient and streamlined, there would be future potential that the CSRT might make one-time, additional contributions for specific projects. Mr. Muething added that the Board would be particularly interested in making an additional distribution if there was a project that would otherwise not be able to be implemented. Mr. Weber responded that now that they are embarking on the 6-year capital planning project, they will be more equipped to share what those specific needs might be and when they would materialize.

#### RECORDS RETENTION POLICY

Ms. Schnapf reported that Ashley Pannell from the City of Cincinnati Law Department is drafting a schedule for records retention for the CSRT, based off existing schedules from other departments, as well as Historical Society recommendations. She would like the Board to share any comments or questions they have about this prior to May's CSRT Board Meeting. At the May meeting she'll present the plan. It will then be submitted to the Cincinnati Records Commission, then to the State for approval.

Mr. Sylvester asked if this was a new requirement or if other boards had also done this. Ms. Schnapf affirmed that many of the other boards have records retention policies, and without a policy, all records must be retained forever.

Mr. Muething asked where CSRT currently has physical records. Ms. Schnapf shared that archived records are with the Cincinnati Historical Society and that more current records are on file with the City.

Mr. Sylvester asked if the retention policy would be effective starting at the CSR sales date (Mar. 15, 2024). Ms. Schnapf said it would be effective after the date of policy approval by the State of Ohio.

INVOICES

Ms. Schnapf presented two invoices from the Cincinnati Parks Department for \$250 each. These represent costs associated with AV support provided to recording CSRT Board of Trustees meetings for CityCable (recordings also available on [www.thecsrt.org](http://www.thecsrt.org)). The invoices were for the November 2025 meeting and the February 2026 meeting. Mayor Mallory moved to approve the invoices. The motion passed unanimously.

ADJOURNMENT

Mr. Sylvester moved to adjourn the meeting. The motion passed unanimously.

APPROVED: MAY 19, 2026

CSRT BOARD CHAIR:



CSRT FINANCIAL/ADMIN DIRECTOR:



CSRT FEB 2026 MINUTES  
ATTACHMENT A

**December 17, 2025**

Mr. Paul Muething, Chairman,  
and Trustees  
Cincinnati Southern Railway Trust  
PO Box 8039  
Cincinnati, OH 45208

Re: Recommendation to Adopt a Draw-Down Model for Trust Distributions

Dear Chairman Muething and Trustees,

I am writing to renew and formalize a concern I raised during the Board's February 11, 2025, meeting, and to offer a practical recommendation that I believe would strengthen the Trust's long-term stewardship.

At that meeting, I expressed concern that the City of Cincinnati was not spending previously allocated trust-related capital funds in a timely manner, and I urged the Board to consider whether the timing and structure of Trust distributions should take into account the City's demonstrated capacity to execute capital projects. Recent public reporting has reinforced that concern.

**Public Reporting Confirms a Capacity Issue**

A recent Local 12 investigative report found that tens of millions of dollars allocated for infrastructure projects — including street repairs — remain largely unspent, with only a small portion actually deployed. City officials attributed the delays to normal but real constraints, including project planning, procurement and contracting timelines, staffing limitations, and the need to sequence work across neighborhoods.

This reporting does not suggest a lack of commitment by the city. It does, however, confirm that the City's ability to spend capital dollars is limited by execution capacity, not by the availability of funds. That reality has direct implications for how and when Trust funds should be disbursed.

The report can be found at: <https://local12.com/news/local/why-hasnt-cincinnati-spent-over-30-million-allocated-street-repairs-across-city-otr-queen-city-price-hill-fairmount-billions-railroad-sale-money-cost-repair-fix-issues-bridges-infrastructure-cars-traffic-wrecks-pothole-potholes>

---

## Why Timing Matters to the Trust

Under the current approach, Trust funds are expected to be disbursed to the City on a quarterly schedule, regardless of whether previously disbursed funds have been spent.

When Trust funds are transferred to the City before they are needed, they often sit idle in City accounts, while those same funds could otherwise remain invested by the Trust.

Even using conservative assumptions about investment performance, a single \$14 million quarterly tranche kept invested rather than sitting unused could reasonably generate well into six figures of additional earnings over the course of a single quarter. Importantly, this is not a one-time issue. If unspent balances persist, the opportunity cost repeats quarter after quarter and compounds over time.

This raises a reasonable stewardship question for the Board: If funds are not yet ready to be spent, is it in the Trust's best interest to disburse them automatically, or should they remain invested until they can be put to work?

## Materiality and Stewardship

Before deciding whether or not quarterly disbursements remain the best approach, I respectfully suggest that the Board ask its investment advisors to quantify the financial impact of disbursing funds before they are needed.

Specifically, the Board could request an estimate of the difference in earnings between:

A quarterly tranche being disbursed to the city and remaining unspent for a typical period, and that same tranche remaining invested within the Trust portfolio.

Even preliminary estimates suggest that the difference may be significant. More importantly, because this issue can recur each quarter, the cumulative impact over time could be much more significant.

Asking the Trust's advisors to calculate this difference would allow the Board to make an informed determination as to whether the impact is **material**. If the Board concludes that it is not material, that conclusion would then be well-grounded. If it is material, it would support consideration of an alternative disbursement approach that better aligns cash flow with actual project readiness.

## A Practical and Common-Sense Alternative

I respectfully recommend that the Board consider adopting a draw-down model for Trust distributions. A draw-down model would:

- Preserve the value of Trust assets by keeping funds invested until needed

- Reduce the loss of purchasing power due to inflation
- Align disbursements with the City's demonstrated capacity to execute projects
- Encourage transparency and accountability in capital spending, and
- Avoid the accumulation of large, idle balances that benefit no one

Most importantly, it ensures that **Trust funds are working at all times** — either repairing and maintaining existing infrastructure or earning returns.

This approach is widely used in public infrastructure finance and grant program management. It does not limit the City's access to Trust funds; it simply aligns cash flow with capacity to spend.

### **Consistent With Voter Expectations and Fiduciary Responsibility**

Voters were told the Trust would be managed responsibly and used to support infrastructure improvements over the long term. Ensuring that funds are disbursed when they can actually be deployed, rather than solely based on a calendar schedule, is consistent with that promise.

Just as importantly, explicitly evaluating the materiality of idle funds reflects prudent fiduciary stewardship and strengthens public confidence in the Trust's governance.

### **Closing**

The Cincinnati Southern Railway Trust represents a once-in-a-generation public asset. Early decisions about how it operates will shape its effectiveness for decades.

For that reason, I respectfully urge the Board to consider whether a draw-down model — informed by a clear assessment of recurring opportunity costs — would better serve the Trust's mission than automatic quarterly distributions.

Thank you for your time and consideration.

Respectfully,



Todd J. Zinser  
Cincinnati Oversight Project  
4114 Jamestown Street  
Cincinnati, OH 45205

**cc:**

The Honorable **Aftab Pureval**, Mayor, City of Cincinnati  
Members, **Cincinnati City Council**  
**Sheryl Long**, City Manager, City of Cincinnati

CSRT FEB 2026 MINUTES  
ATTACHMENT B



January 23, 2026

**TO:** Mr. Paul Muething, Chairman, and Trustees of the CSR Trust

**FROM:** Steve Webb, Finance Director

**COPY:** William Weber, Assistant City Manager

**SUBJECT:** City of Cincinnati Investment of Received CSR Funds

The purpose of this memo is to provide an overview of the City of Cincinnati's investment process of funds, including funds received by the City from the CSR Trust that are not immediately ready for deployment.

The City Treasurer, as designee of the Finance Director, invests public funds in the Treasury of the City. The Treasurer reviews cash balances *daily* to determine available cash for investment. Cash that is temporarily idle is pooled and invested according to the City's Investment Policy. The policy directs the investment of public funds in a manner which emphasizes maximum security of principal while meeting the daily cash flow needs of the City, generating investment returns, and complying with all applicable laws and regulations. Available funds are either invested internally by the City Treasurer or through Investment Managers, as explained below.

The City Treasurer manages two separate investment portfolios: general investments and bond proceeds (capital) investments. Separate portfolios are necessary to track the interest earned on bond proceeds for arbitrage compliance and to manage the maturities of bond investments based on anticipated cash flow needs for the capital projects. These two portfolios are managed in-house and utilize a pool of broker/dealers. When funds are available to invest, the City Treasurer will obtain pricing from the approved list of broker/dealers and invest funds accordingly. Securities selected for purchase are evaluated based on cost, term, and yield. The current list of Broker/Dealers is as follows:

Huntington Investment Co.  
Multi Bank Securities, Inc.  
PNC Capital Markets, LLC  
Mischler Financial Group

RBC Capital Markets  
Loop Capital Markets, LLC  
Rice Securities, LLC  
Great Pacific Securities

The City also utilizes Investment Managers for a portion of the city's investment portfolio. The City currently contracts with Nuveen Asset Management and Fifth Third Securities as Investment Managers.

To provide additional oversight and expertise to these investments the City has an Investment Committee that meets quarterly to review investment performance and monitor compliance. Further, the Administration retained Meeder Investment Management through an RFP process to serve as the City's Investment Advisor. Meeder provides market updates, performs portfolio analysis, and monitors the compliance of the City's Investment Managers.

Last fiscal year, the City's investment approach generated an annual return of 5.89%. Interest earned on the City Treasurer's investments becomes an available revenue source and is distributed among the interest earning funds of the City, including the General Fund. Interest income is now the third largest source of revenue for the General Fund behind only income tax and property tax.

Funds received from the CSR Trust Board are included in the City's investment portfolio. Once received, if not immediately needed for project expense, those funds are invested in accordance with the process set forth above until those funds are needed for projects. Any investment returns from the CSR Funds are deposited in the General Fund, as set forth in the Cincinnati Municipal Code.

*Steve Webb*

Steve Webb  
City of Cincinnati Finance Director

CSRT FEB 2026 MINUTES  
ATTACHMENT C

Cincinnati Southern Railway Trust  
PO Box 8039  
Cincinnati, Ohio 45208  
February 2, 2026

Todd J. Zinser  
Cincinnati Oversight Project  
4114 Jamestown Street  
Cincinnati, Ohio 45205

Dear Mr. Zinser,

I am responding to your letter of December 17, 2025

Please be assured that each of the Trustees of the Cincinnati Southern Railway Trust takes their responsibilities to the Trust very seriously. We are proud of the Trust's performance since its founding in March 2024. We are also mindful of the provisions of Ohio's Ferguson Act, as amended, as they govern the Trust's disbursements to the City.

As fellow citizens of Cincinnati, we share your desire and expectation that the City moves as quickly and effectively as possible to put all funds designated for capital expenditures, including those funds received from the CSR Trust, to work. However, as you know, it is not the Trust's responsibility to decide how or when funds are spent. That responsibility rests with the City's Administration.

Several times in your letter you assert that funds distributed by the Trust to the City sit idle (without generating interest) between the time when they are distributed to the City and when they are spent by the City. In fact, that is not the case.

In February 2025 when you first raised your concern that the City was not investing the funds which it received from the Trust until it spent the funds, I consulted with City Administration which confirmed that the funds were indeed invested and earning interest until spent. When we received your letter of December 17, I again consulted with the City for confirmation. Enclosed with this letter is the memo I received from the City's Finance Director containing that confirmation. I am sure you will notice that the City's cumulative annual rate of 5.89% for its invested funds is less than the Trust's return on its invested funds. The Trust's Investment Advisor points out the difference is likely attributable to the difference in risk accepted for each portfolio. Again, the Trustees are very satisfied with the Trust's performance (significantly better than predicted in the campaign for voter approval of the sale). Whether the City's return could be higher is not for us to determine.

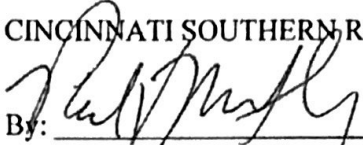
The Ferguson Act requires the Trust to consult with the City Treasurer and agree upon the amount to be distributed to the City for each fiscal year (assuming a distribution is possible) and the timing of the distribution (s). Quarterly distributions as the Trust has committed to this year and plans to continue to do absent a different agreement with the City allow the City to plan upon when it will receive funds and allow the Trust's Investment Advisor to anticipate when cash will

Page 2

be needed for its distribution. As good stewards of the Trust funds, we believe this is the best and most prudent way to proceed.

Respectfully,

CINCINNATI SOUTHERN RAILWAY TRUST

By: 

Paul V. Muething, President