

**DUBLIN CITY COUNCIL
FINANCE COMMITTEE
TUESDAY, MAY 12, 2026 - 4:30 p.m.
5555 PERIMETER DRIVE
COUNCIL CHAMBER**

Meeting Minutes

Mr. Keeler called the Finance Committee meeting of May 12, 2026 to order at 4:40 p.m.

Committee members present: Mr. Keeler and Ms. Johnson. Ms. Alutto arrived at 4:48 p.m.

Staff members present: Mr. Rubino, Ms. Murray, Mr. Urbancsik, Ms. Blake, Mr. Jiang, Mr. Fridley, Ms. Weisenauer

Also present: Ryan Nelson and David Donnelly, RedTree Investment Group; Jim McCourt, Meeder Public Funds; and Marc Bushallow and Alex Sterba, Manning & Napier

Approval of Minutes

Mr. Keeler moved to approve the minutes of the March 18, 2026 Finance Committee meeting. Ms. Johnson seconded the motion.

Vote on the motion: Ms. Johnson, yes; Mr. Keeler, yes.

Hotel-Motel Tax Recommendations

Mr. Rubino presented a staff report on draft hotel motel tax agreements, following up on recommendations made at the February 23, 2026 Finance Committee meeting. At that prior meeting, staff provided an overview of hotel motel tax revenue history, collection trends, and the framework for distributing funds to recipient organizations. Based on the Committee's direction, staff drafted formal agreements for Visit Dublin Ohio and the Dublin Historical Society, as well as a draft fund balance policy for the hotel motel tax fund. The Dublin Arts Council lease agreement was noted to still be in development, as the revenue distribution terms are embedded in the lease itself; staff indicated it would return to the Committee at a future meeting with a draft lease agreement carrying terms similar to the other two agreements.

Mr. Rubino summarized that both agreements share standard terms, including three-year terms, scope-of-service restrictions on the use of distributed funds, a six-month advance notice requirement for renewal negotiations, and standard legal provisions reviewed by the City's legal staff. Funding for Visit Dublin Ohio is established as a fixed dollar amount based on 2026 actual revenue with a three percent annual inflationary increase. The funding amount for the Dublin Historical Society remained to be determined by the Committee, as the Historical Society had historically received support through the City's hotel motel tax grant program rather than a direct agreement. Both agreements also include revenue decline provisions designed to protect the City's fund balance and the general fund in the event of year-over-year decreases in hotel motel tax collections.

The scope of services defined in the Visit Dublin Ohio agreement pertains specifically to the discretionary ten percent distribution above the Ohio Revised Code-required twenty-five percent allocation. The Historical Society agreement scope encompasses preservation of collections and exhibits, the Dublin History Museum and Coffman Homestead facilities, Historic Dublin tours, a speaker series, a new employee historical society tour, and the availability of facilities for City meeting space. City responsibilities under the Historical Society agreement include maintenance and structural repairs of City-owned properties, funding of utilities, and provision of archival storage space at the Dublin Justice Center.

Mr. Keeler offered suggested language simplifications to the revenue decline provisions, which appeared identically in both agreements. His suggestions included removing the phrase "in the immediate prior year" in favor of "compared to the preceding year," eliminating the word "actual" before "revenue" for consistency with other sections of the agreement, and refining the threshold language so that a decline of less than five percent would result in the fixed allocation being held flat with no annual increase applied, while the existing language for more significant declines would remain. Staff received these suggestions for incorporation into the revised drafts.

The Committee discussed the appropriate starting dollar amount for the Historical Society agreement. It was noted that the Historical Society had received approximately \$36,000 through the grant program in the prior year, representing roughly one percent of hotel motel tax revenue. The Committee expressed support for beginning the agreement at the prior year's grant amount plus a three percent inflationary increase, consistent with the approach taken for Visit Dublin Ohio. Mr. Rubino confirmed that the three-year term of the agreement would provide an opportunity to evaluate performance and revisit the amount at renewal. The Committee directed staff to use this approach as a starting point, with the precise figure to be confirmed once current year revenue figures are available.

Regarding the Dublin Arts Council Lease, Mr. Rubino outlined the history of the Arts Council building lease, which originated in July 2000 with an initial building appraisal and lease rate analysis. He noted that no outstanding debt remains on the building, though ongoing maintenance needs exist. The lease had been administratively revised during the pandemic period out of operational necessity rather than through a formal lease rate analysis. Staff recommended commissioning a new appraisal and lease rate analysis to establish an updated, defensible lease rate as the foundation of the new agreement. A triple-net lease structure was identified as the preferred concept. The Committee expressed unanimous support for conducting a new lease rate analysis, acknowledging that conditions have normalized sufficiently following the pandemic period. The resulting agreement would carry terms similar to those presented for the other two organizations, including a three-year term.

Draft Fund Balance Policy

Ms. Murray presented the draft hotel motel tax fund balance policy. The policy establishes a minimum fund balance equal to fifty percent of actual annual hotel motel tax revenue, consistent with Government Finance Officers Association best practices and aligned with the framework already in place for the City's general fund. The fund

balance is intended to stabilize allocations during revenue downturns, preventing immediate reductions to recipient organizations or reliance on the general fund as a backstop. The policy also incorporates revenue performance thresholds, annual reporting requirements, and priorities for the use of any fund balance in excess of the minimum target.

The Committee received the policy positively, characterizing it as conservative but appropriate as an initial framework, with the expectation that it would be revisited in future years. In response to a question about timeline, Mr. Rubino indicated that staff would update the forecast during budget development and that, assuming continued steady revenue growth, the fifty percent target could realistically be reached within three to four years.

Ms. Alutto requested that staff establish a routine practice of reporting on the actual disbursement rate of hotel motel tax grants each year — noting that cancellations and other factors can affect how much of the allocated grant funding is ultimately paid out. She observed that tracking this figure would also assist in projecting how quickly the fund balance target could be achieved. Staff acknowledged the request and committed to incorporating this reporting going forward.

Investment Portfolio

Mr. Rubino introduced the annual investment portfolio update, presented by Ryan Nelson of Red Tree Investment Group, the City's investment consultant, along with representatives from the City's two portfolio management firms: Jim McCourt of Meeder Public Funds, and Alex Sterba and Marc Bushallow of Manning and Napier.

Overview and Investment Policy

Mr. Nelson provided background on the City's investment framework. He summarized the City's four investment objectives — safety of principal, risk management, liquidity, and market rate of return — and noted that the investment policy was last modified in November 2023 in coordination with the Finance staff and the Finance Committee. The policy largely follows Ohio Revised Code Chapter 135.14 but includes modifications appropriate to the City's charter status, permitting a broader range of eligible investments including bank products, U.S. Treasury securities, municipal bonds, corporate notes, and a limited allocation to international finance instruments. He also noted that Mr. Rubino satisfies the state-required six hours of annual investment training, and that Ms. Murray is pursuing her CPIM certification.

As of March 31, 2026, the City's total invested portfolio stood at approximately \$166 million. Meeder Public Funds manages approximately \$133 million, with a yield to maturity of 4.14 percent and a weighted average maturity of 2.61 years. Manning and Napier manages approximately \$33 million, with a yield to maturity of 3.16 percent and a weighted average maturity of 2.35 years. U.S. Bank serves as the third-party custodian for both portfolios and as the City's primary depository. STAR Ohio, the state-run investment pool, serves as a secondary liquidity vehicle.

Meeder Public Funds Portfolio

Mr. Nelson noted that the Meeder portfolio is well-diversified across all eligible investment categories. The yield has increased slightly over recent months. The City and Meeder have been working through selling lower-yielding securities purchased during the prior low-rate environment. Mr. Nelson also noted that funds were withdrawn from the Meeder portfolio in February and March to support the City's strategic land acquisition, which was approved by Council in the prior year. Mr. Rubino clarified that the timing was favorable, as two Meeder investments matured in close proximity to the closing date, avoiding the need to sell any securities at an inopportune time. He further noted that the City is undertaking a recalibration of its liquidity forecasting to ensure it can move efficiently on future strategic investments, including potential land acquisitions and other capital initiatives.

Mr. Nelson flagged one compliance matter for awareness: the investment policy limits corporate notes to no more than thirty percent of any single adviser's portfolio. Because the calculation is performed at time of purchase, withdrawals from the account could cause the reported percentage to appear to exceed the limit; he confirmed, however, that no compliance violation exists and encouraged staff to keep this in mind when reviewing figures.

Manning and Napier Portfolio

The Manning and Napier portfolio is weighted primarily toward U.S. Treasuries, with a mix of corporate notes and asset-backed securities. The yield has increased from approximately three percent to 3.16 percent over recent months, and approximately fifteen percent of the portfolio matures during 2026, providing an opportunity to reinvest at prevailing higher rates. A minor withdrawal of approximately \$600,000 was made from idle custodial cash in February for the same land acquisition purpose. Mr. Nelson noted that the historical mandate for Manning and Napier had assumed limited liquidity draws, and that any changes to that expectation should be clearly communicated to the adviser going forward.

Benchmark Comparison

Mr. Nelson explained the difficulty of applying traditional performance benchmarks to public fund investing, noting that managers do not manage to a benchmark in the same manner as private sector managers. The Committee had previously agreed upon the US Bank of America 1-to-3-year Triple-A Government/Corporate and Government Index as a performance reference. RedTree also provided a composite of similar public entity clients for additional context. Mr. Nelson indicated that, as of March 31, both managers were performing in line with the benchmark reference, with no material deviation in either direction.

Mr. Keeler expressed a long-held observation that, when viewed against the composite benchmark and over multiple recent meetings, Manning and Napier's returns have trailed expectations, particularly given a perception that the firm employs a somewhat more aggressive investment posture. He also noted the disparity in management fees: Meeder charges approximately four basis points on assets under management, while Manning and Napier charges twenty basis points. Mr. Keeler acknowledged the

complexities of public fund investing and the role of varying liquidity needs but indicated that fee differential is a meaningful factor in evaluating net performance.

Ms. Alutto invited a staff response and asked whether there was value in exploring options, including a potential Request for Proposals (RFP) or closer engagement with Manning and Napier. Mr. Rubino suggested allowing the firm representatives to present their strategy before drawing conclusions.

Marc Bushallow, Director of Fixed Income at Manning and Napier, described the firm's risk-based investment philosophy, emphasizing that the firm evaluates three primary risk dimensions: interest rate risk (duration), credit risk (amount, quality, and duration of credit holdings), and convexity risk (as present in callable agencies and mortgage-backed securities). He described the firm's view of the current market environment as "positively benign" — meaning a first-half tailwind from tax cuts without a significant recession risk — but characterized the broader cycle as late-stage, in which investors are not receiving adequate compensation for the risks they are taking. Accordingly, the firm has been reducing credit duration and risk exposure, shortening corporate bond maturities rather than extending them to five years, and maintaining a near-maximum allocation to asset-backed securities, which Mr. Bushallow described as the most attractively compensated segment of the fixed income market. The firm has limited its use of agency securities given compressed spreads, and has added selective taxable municipal bond positions as a source of incremental high-quality yield. Alex Sterba of Manning and Napier added that the firm's current posture reflects a deliberate pullback consistent with later-cycle discipline.

Mr. Keeler noted that the City's strategic land banking activity represents a significant, albeit illiquid, component of the City's overall asset position, with independent appraisals suggesting land appreciation in the range of seven to ten percent annually. He offered this as context for evaluating the overall investment portfolio, observing that the approximately \$220 million in liquid investments — inclusive of both managed portfolios, STAR Ohio, and bank balances — earns returns in the two to three percent range, while land holdings appreciate at a materially higher rate, albeit without liquidity or regular mark-to-market valuation.

Ms. Alutto agreed that land banking should be incorporated into the broader investment discussion when reporting to full Council, and noted that a land inventory workshop is anticipated in early June. She requested that staff provide relevant land banking data so that the two conversations can be considered together. Mr. Rubino committed to providing that information to support the discussion.

The Committee discussed the timing and appropriateness of issuing a new RFP for investment management services. It was noted that an RFP was conducted in 2024, at which time both Meeder and Manning and Napier were retained. Mr. Nelson indicated that a typical structure in Ohio involves a three-year agreement with two one-year extension options. Mr. Rubino recommended allowing the current year to unfold before revisiting the question, and noted that a periodic review interval of three to five years reflects sound practice for treasury management services.

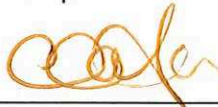
Mr. Rubino reported that the City received a Cash Vest score of 100 through the first quarter of 2026, reflecting strong utilization of invested funds, effective management of

bank balances, and appropriate use of STAR Ohio for liquidity. Both investment portfolios were confirmed by Mr. Nelson to be in full compliance with the City's investment policy as of the review date.

Mr. Nelson confirmed that RedTree will continue its annual May cadence for the full committee presentation and will provide quarterly portfolio summary reports to finance staff, with ongoing monthly portfolio monitoring.

Ms. Alutto closed the discussion by recognizing the improved transparency and depth of engagement surrounding the City's investment management practices over the past decade, noting progress including the adoption of a formal investment policy and debt policy, and the development of a more open public dialogue with investment advisers.

There being no further business to come before the Committee, the meeting adjourned at 5:52 p.m.



Chair, Finance Committee



Clerk of Council