



# INVESTMENT HOT TOPICS

October 12, 2023

PRESENTED BY:

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MEEDER

# Today's Presenters



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**“History doesn’t repeat itself, but it often rhymes.”**

**—MARK TWAIN**

# AGENDA



**Today's Markets**

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**Project Funds**

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**Operating Funds**

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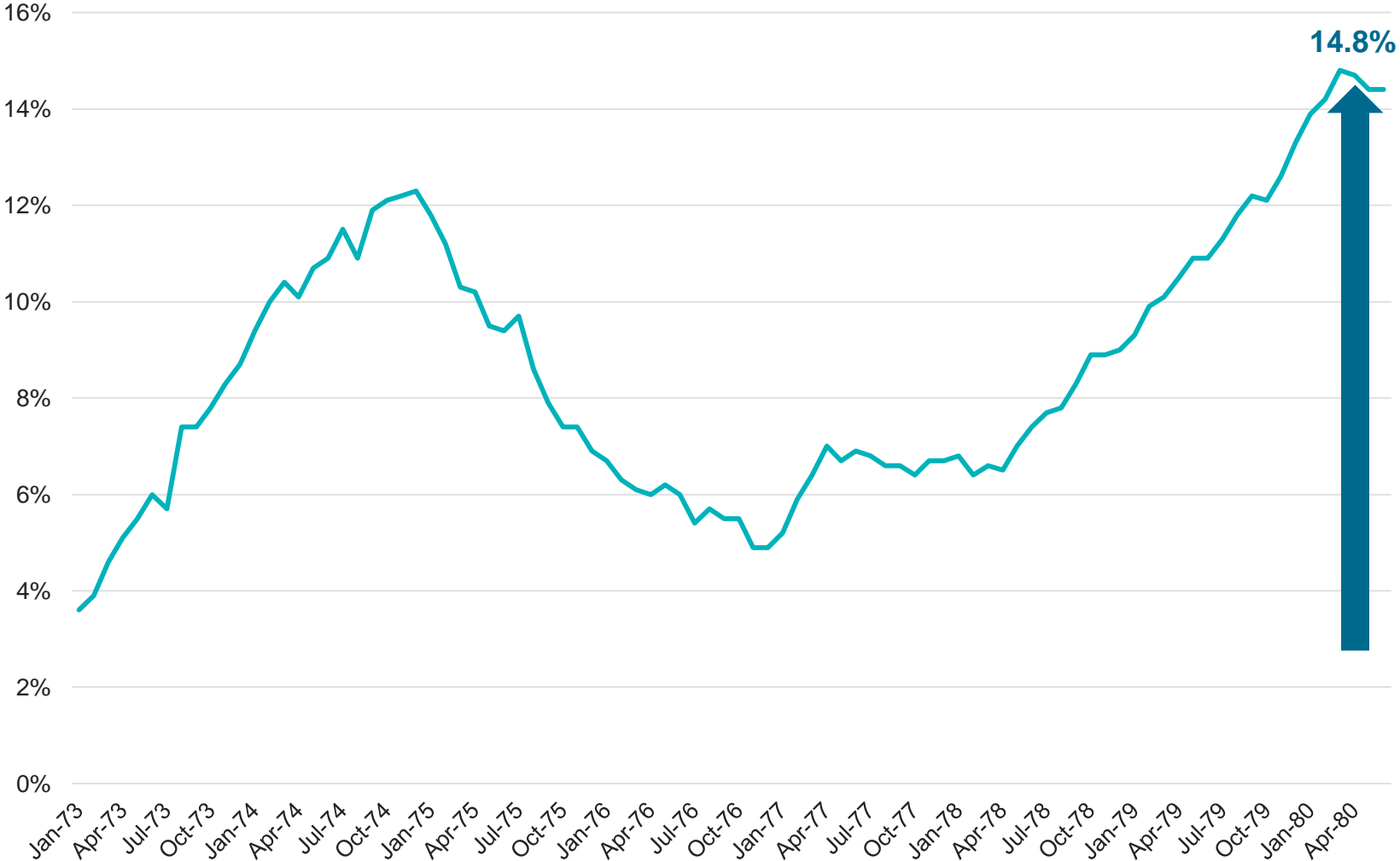
**Additional Strategies**



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# Today's Markets

# Historical Inflation Problems

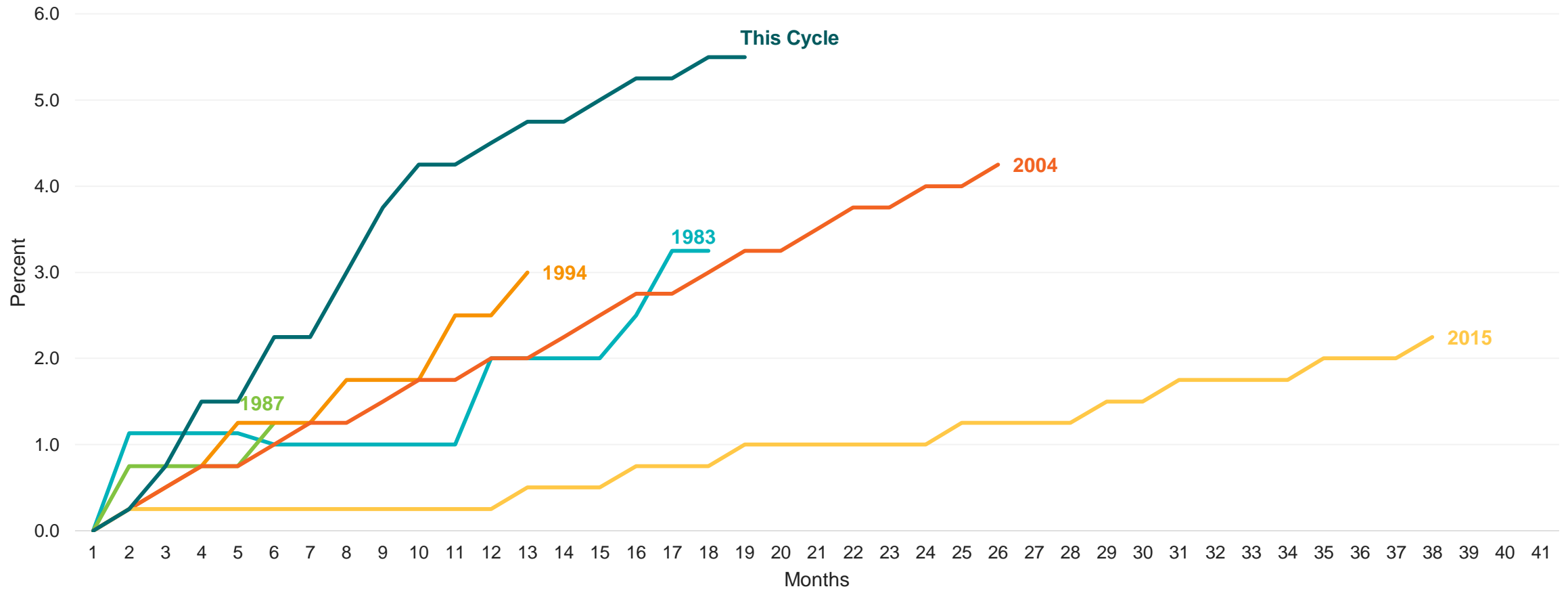


H. ARMSTRONG ROBERTS/CLASSICSTOCK / GETTY IMAGES

SOURCE: USINFLATIONCALCULATOR.COM/ RATES OF INFLATION ARE CALCULATED USING THE CURRENT CONSUMER PRICE INDEX PUBLISHED MONTHLY BY THE BUREAU OF LABOR STATISTICS (BLS)

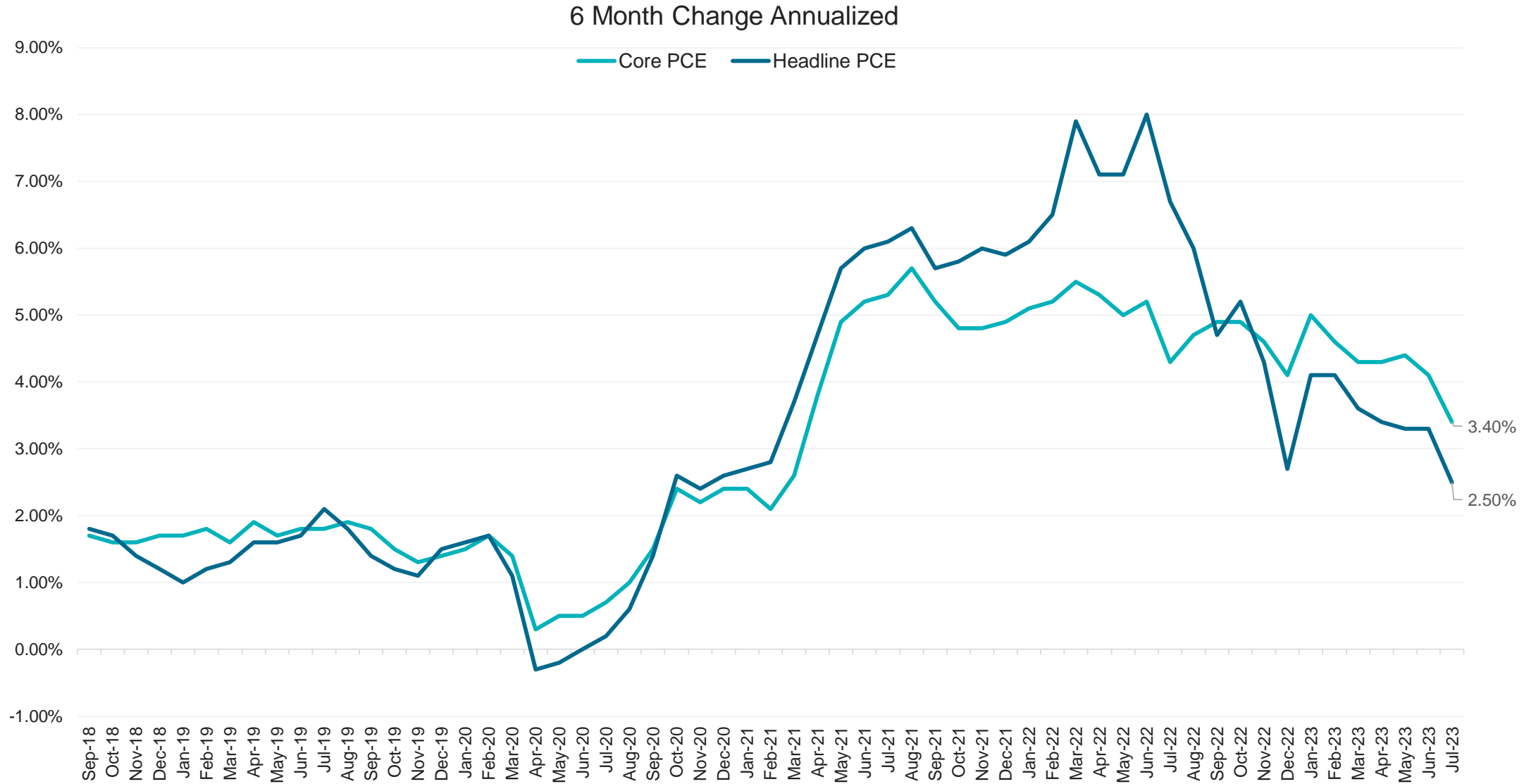
# Fastest Rate Hiking Cycle

The current hiking cycle has been faster than each of the cycles since 1983



SOURCE: BLOOMBERG

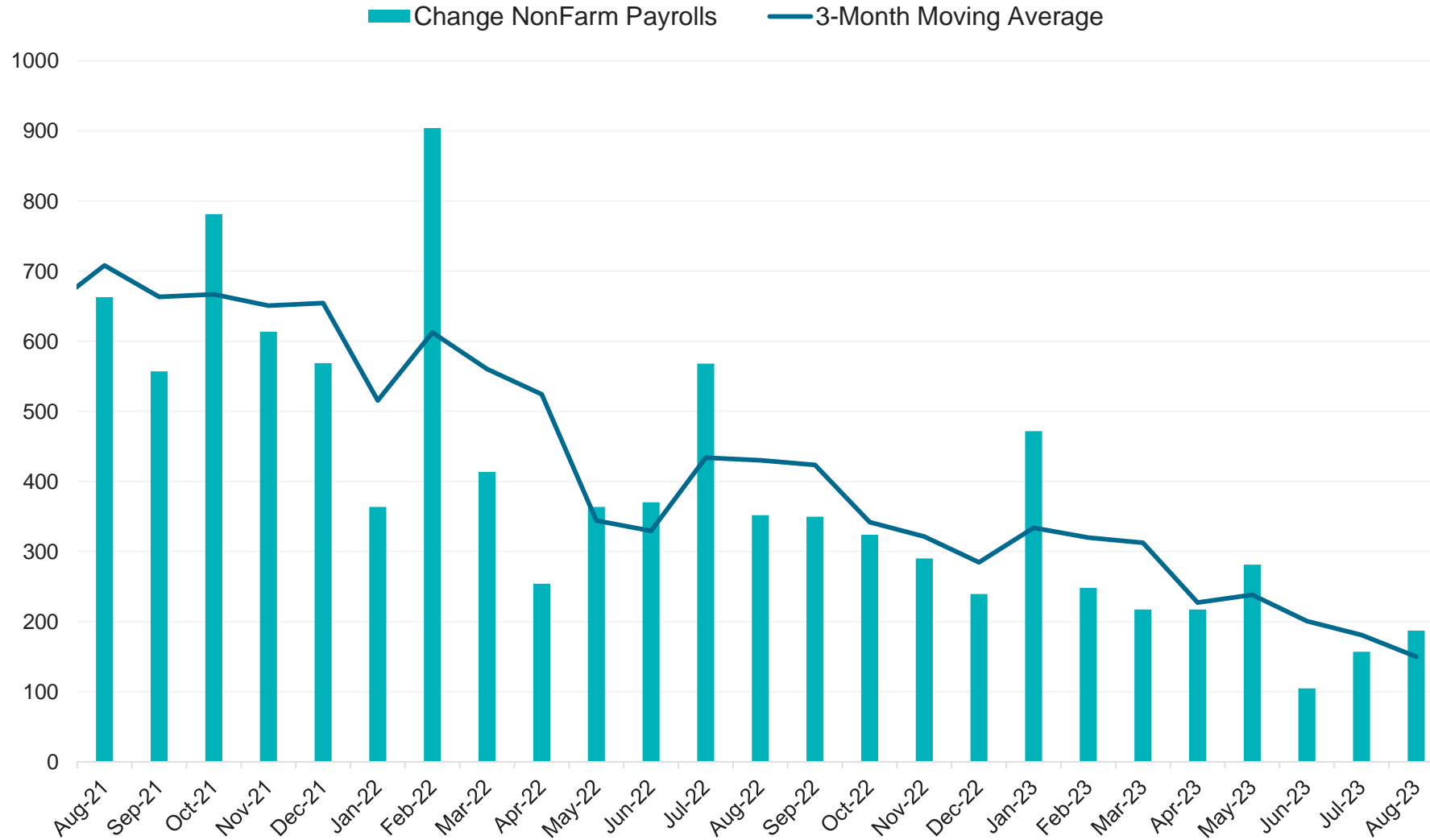
# Inflation Rate Trending Lower



SOURCE: BLS, BLOOMBERG



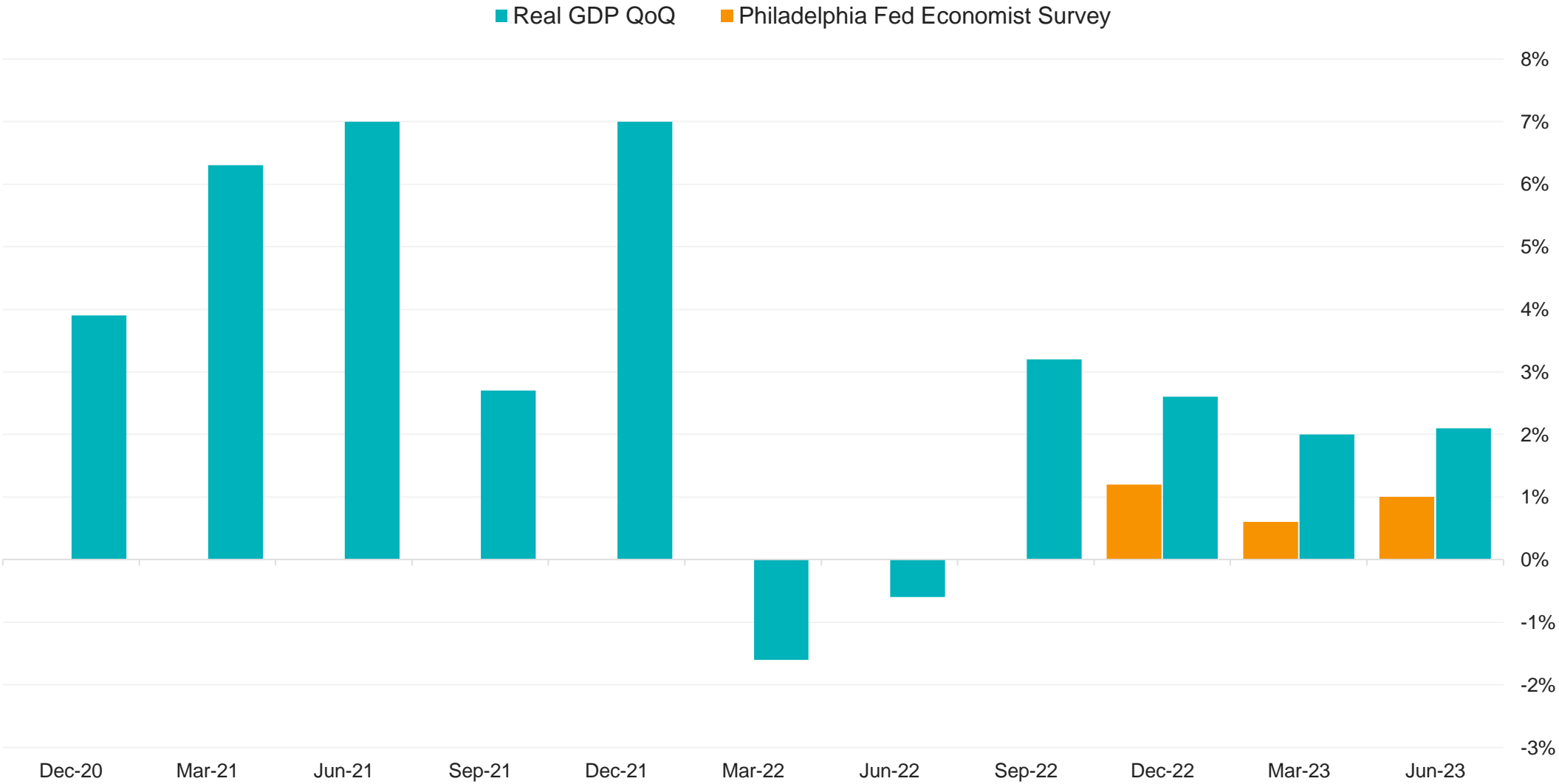
# Latest Trends in Labor Market



Unemployment Rate	
Current	3.80%
Fed's Projection	
12/31/23	3.80%
12/31/24	4.10%
12/31/25	4.10%
12/31/26	4.00%

SOURCE: BLS, BLOOMBERG

# US Growth Has Exceeded Expectations

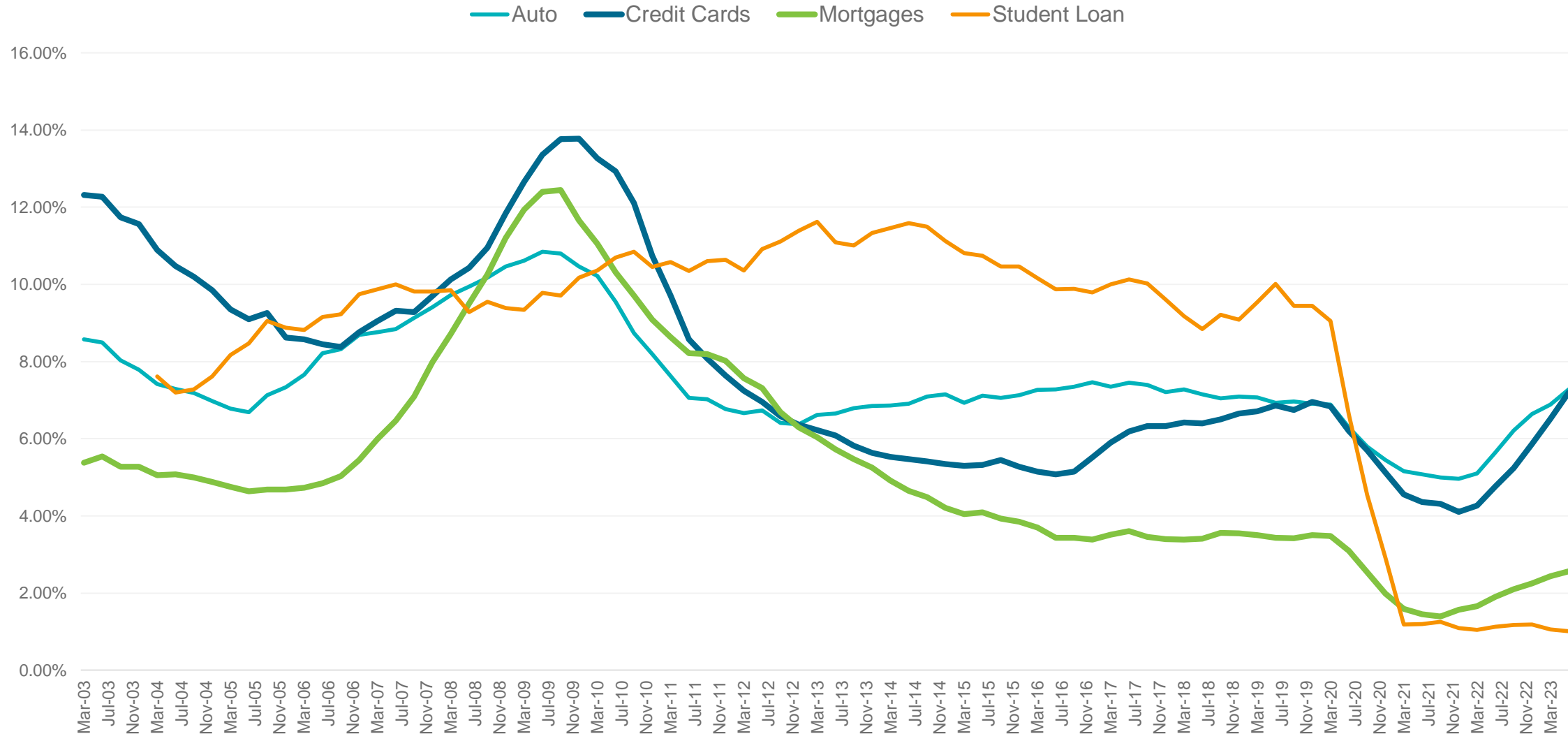


SOURCE: U.S. BUREAU OF ECONOMIC ANALYSIS, PHILADELPHIA FED SURVEY OF PROFESSIONAL FORECASTERS

# Consumer Strength Resilient in 2023, Signs Of Challenges



Delinquency Rates Increasing – Transitions into 30+ Days Delinquent

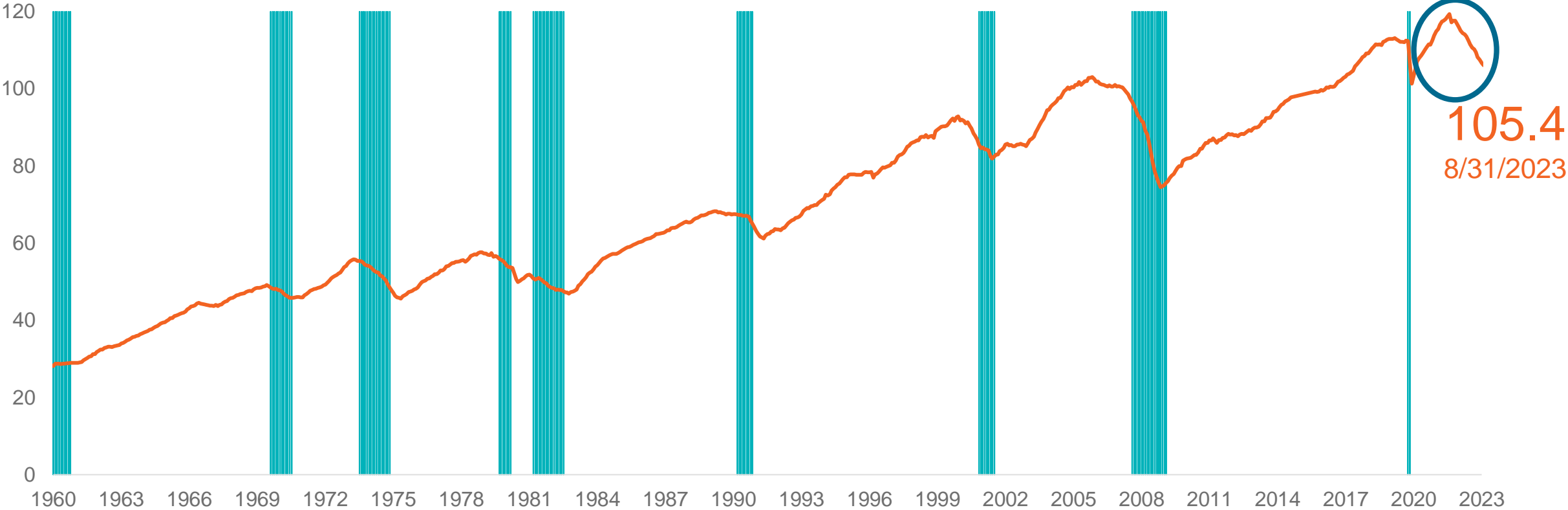


SOURCE: NEW YORK FED CONSUMER CREDIT PANEL/EQUIFAX

# Economic Slowdown – Leading Economic Index

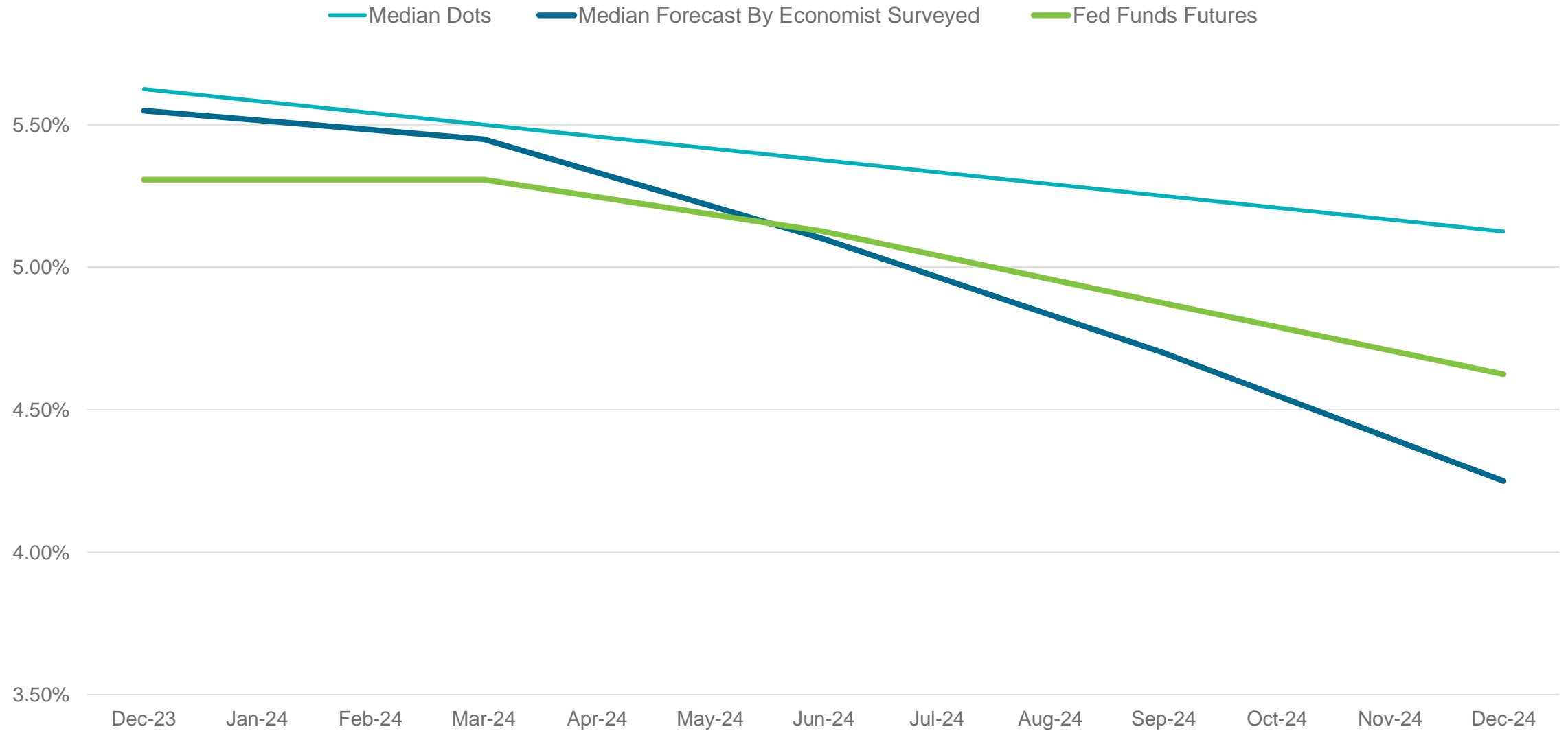
May 1960 - August 2023

■ Recession — LEI

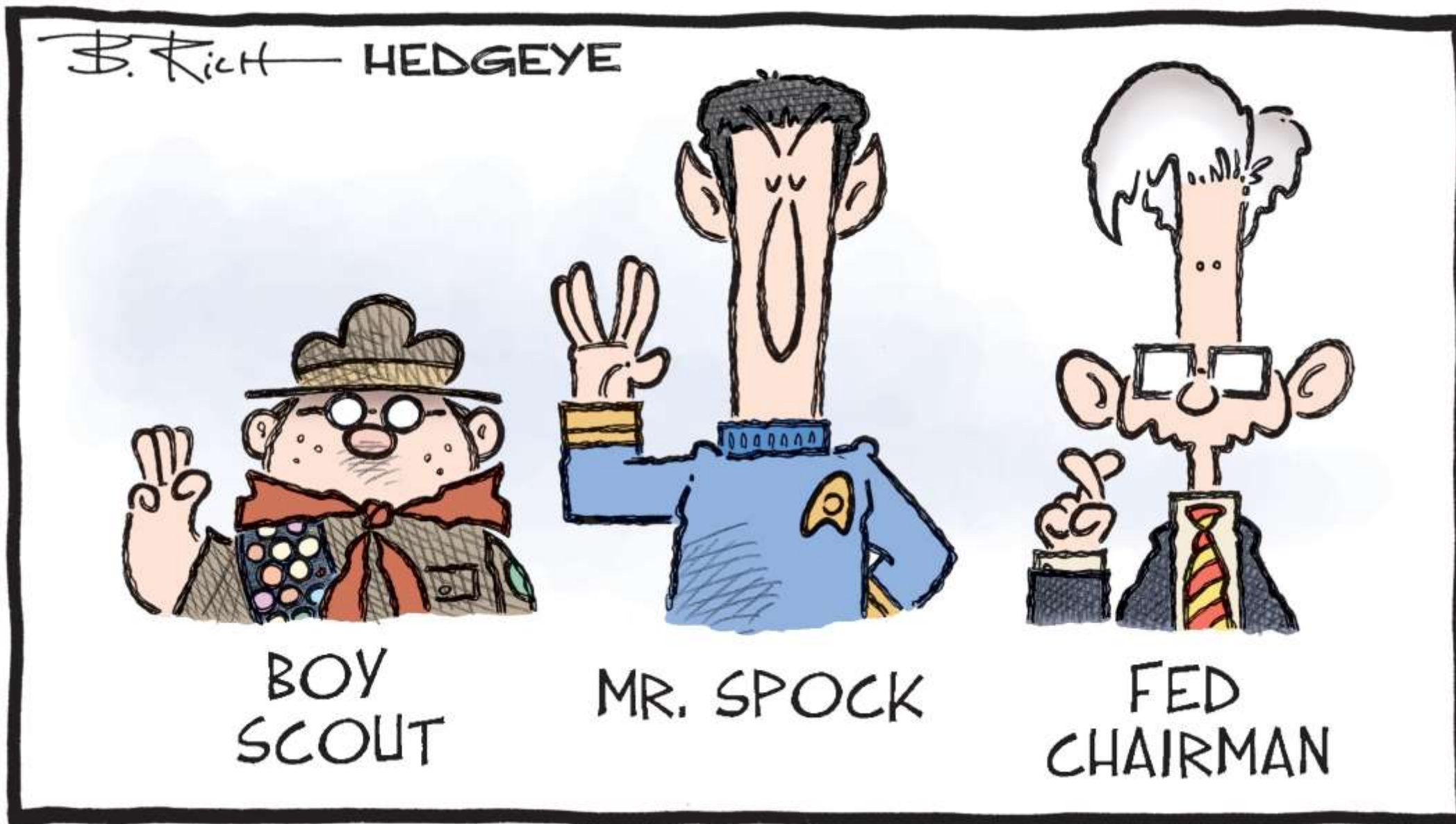


SOURCE: BLOOMBERG, NBER

# Federal Reserve, Markets, and Economists Expecting Lower Federal Funds Rate in 2024



SOURCE: BLOOMBERG SURVEY OF ECONOMISTS, FEDERAL RESERVE, DATA AS OF 10/9/2023

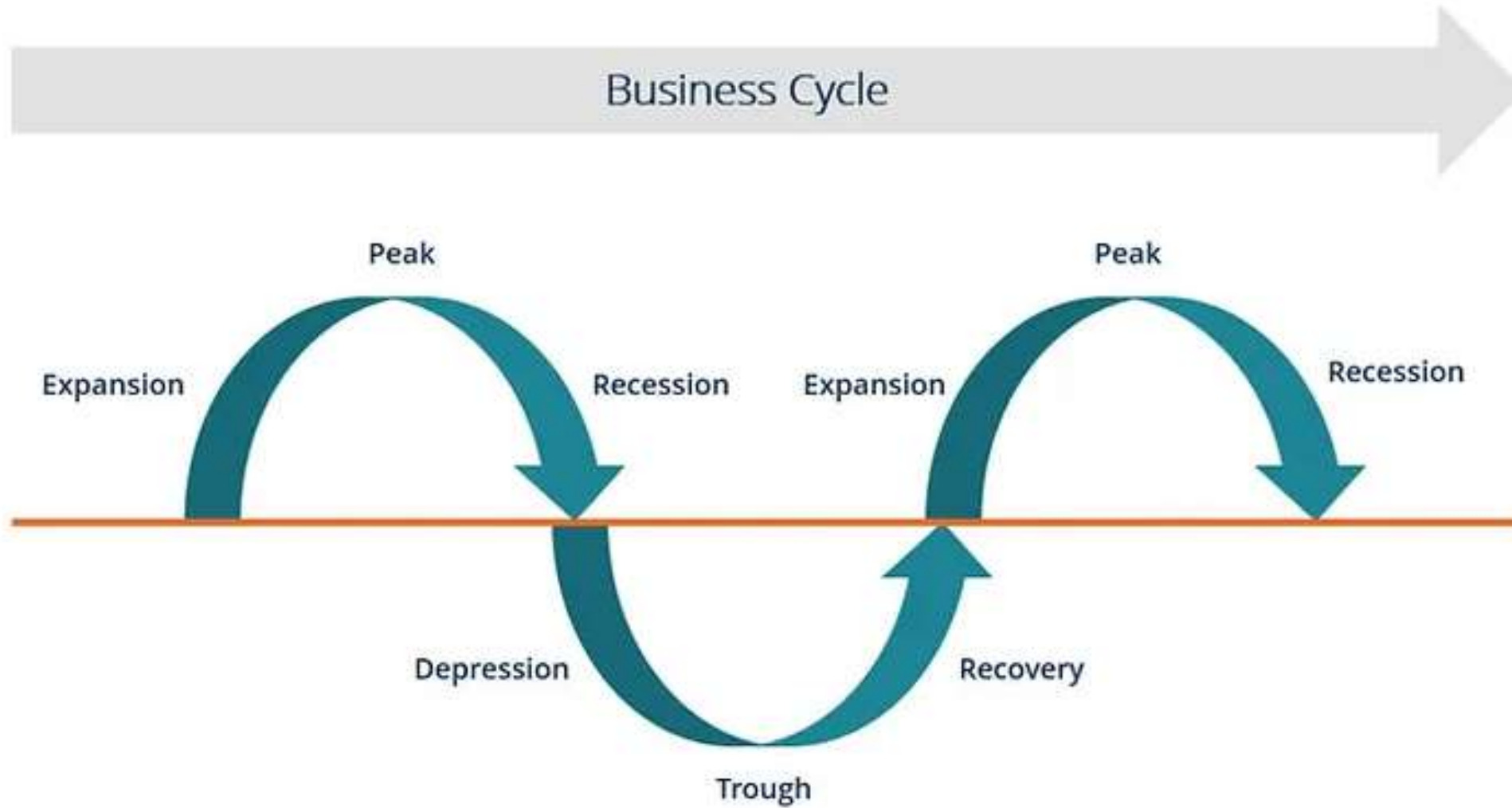




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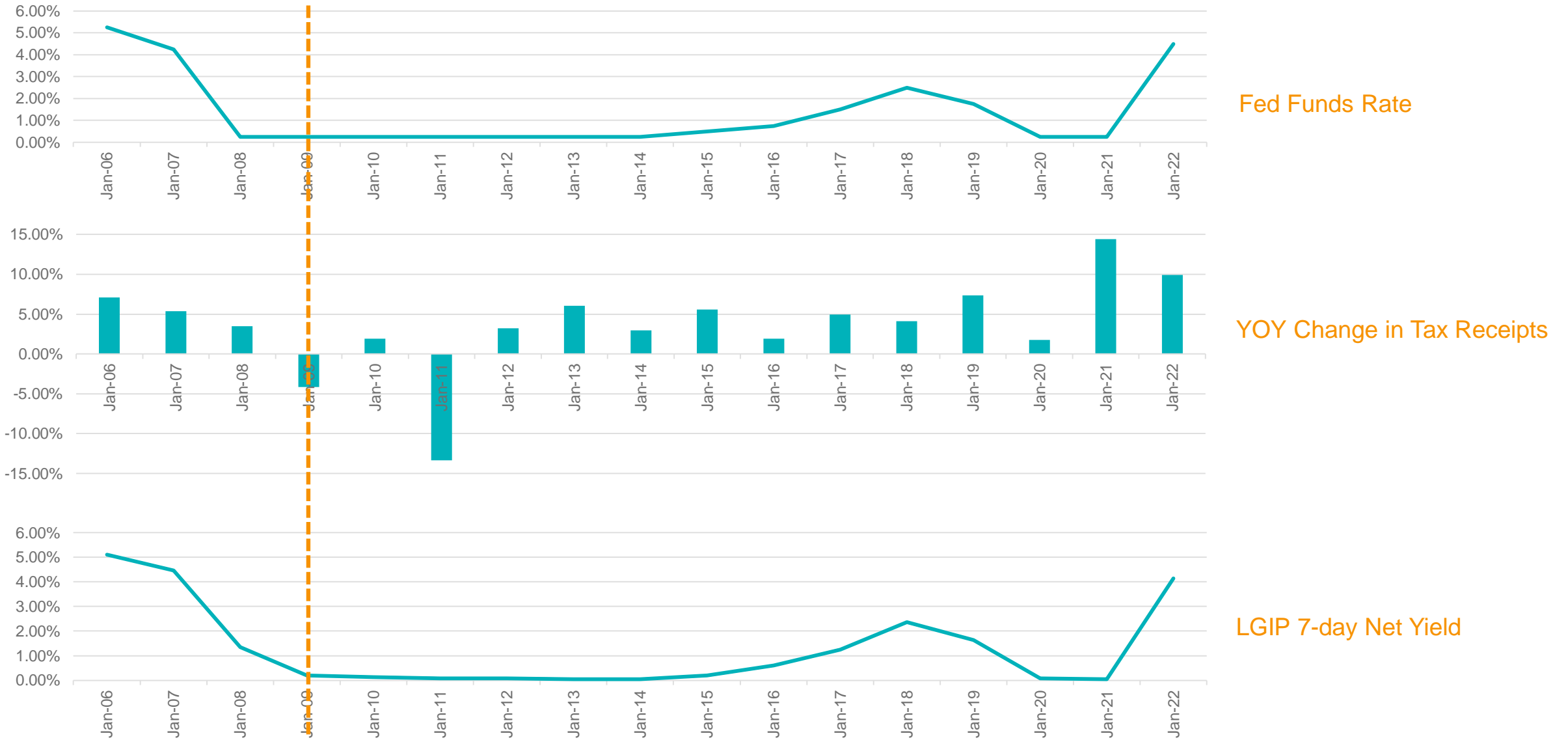
# Opportunities

# When is Interest Income of Most Value?





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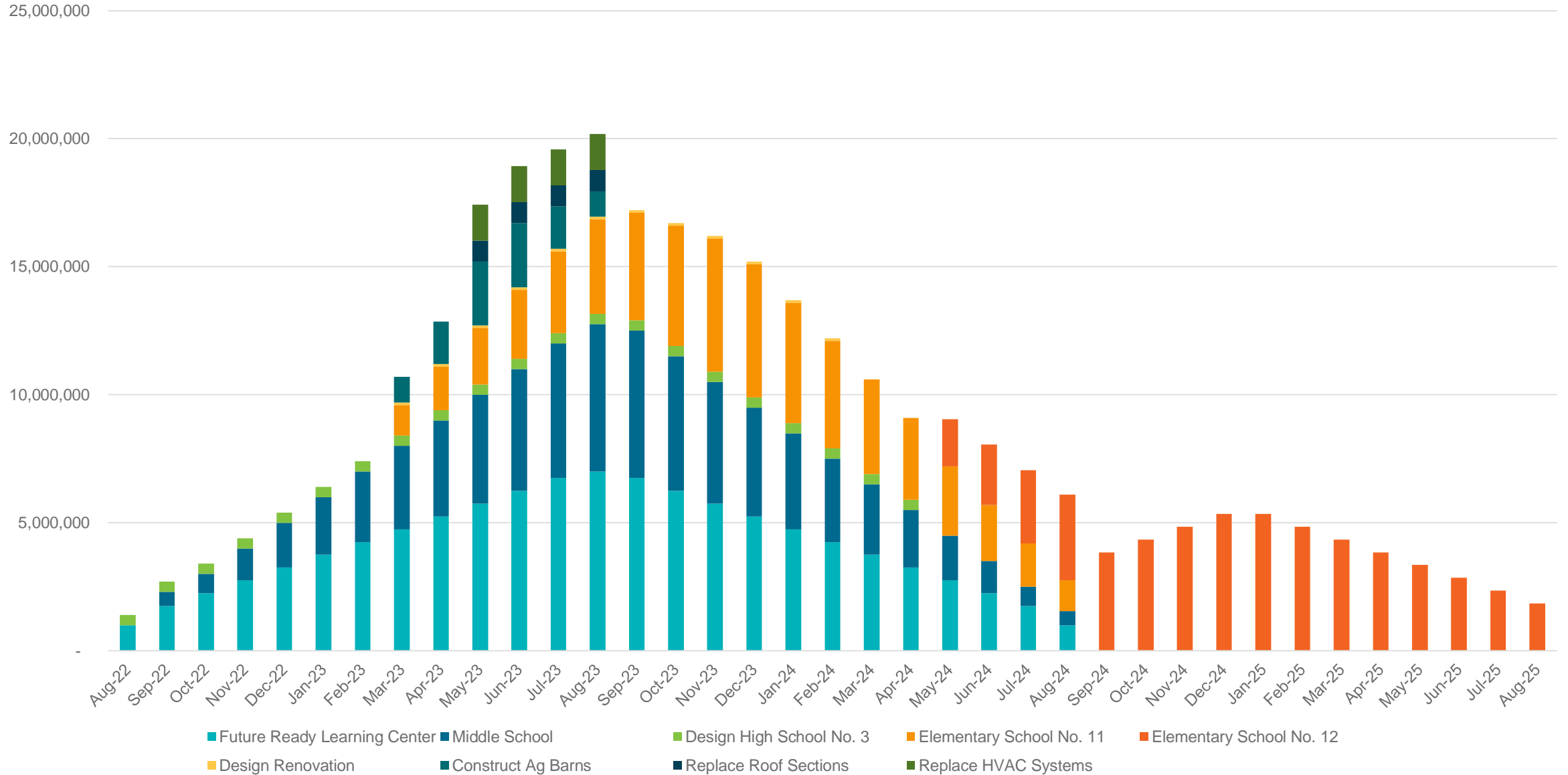
# Project Funds

# Bond Issue - SAMPLE



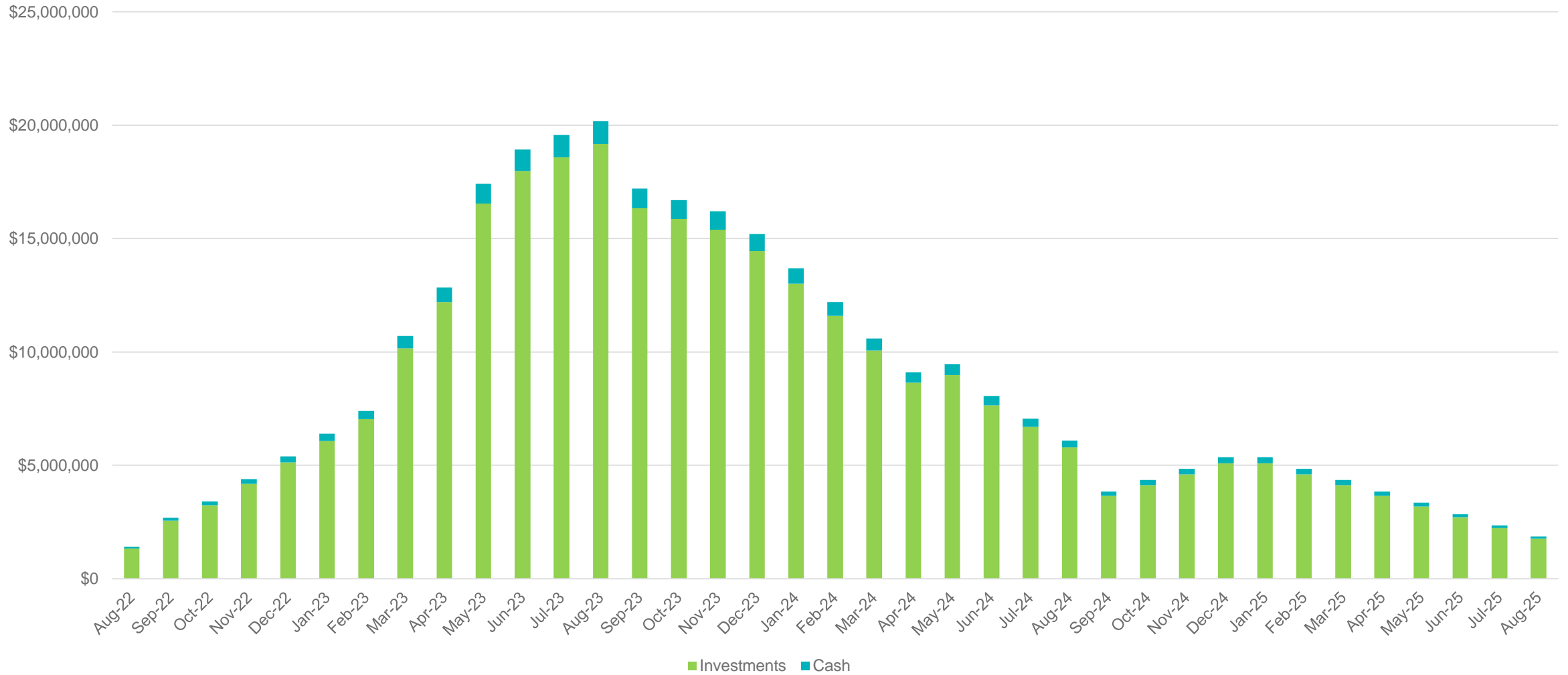
<b>Project</b>	<b>Amount</b>	<b>Start</b>	<b>Completion</b>
Future Ready Learning Center	\$86,525,000	Summer 2022	Summer 2024
High School No. 1	\$72,600,000	Fall 2022	Summer 2024
Design High School No. 3	\$8,800,000	Summer 2022	Spring 2024
Elementary School No. 11	\$57,600,000	Spring 2023	Summer 2024
Elementary School No. 12	\$57,600,000	Summer 2024	Summer 2025
Design Benold Renovation - Frost ES	\$1,200,000	Spring 2023	Spring 2024
Construct Ag Barns	\$10,300,000	Spring 2023	Summer 2023
Replace Roof Sections	\$3,300,000	Summer 2023	Summer 2023
Replace HVAC Systems - Forbes MS & Ford ES	\$5,600,000	Summer 2023	Summer 2023
<b>Total</b>	<b>\$303,525,000</b>		

# Bond Issue - SAMPLE



# Bond Issue - SAMPLE

Cash: \$15,975,000  
Securities: \$303,525,000





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# Operating Funds

# Portfolio Right-Sizing

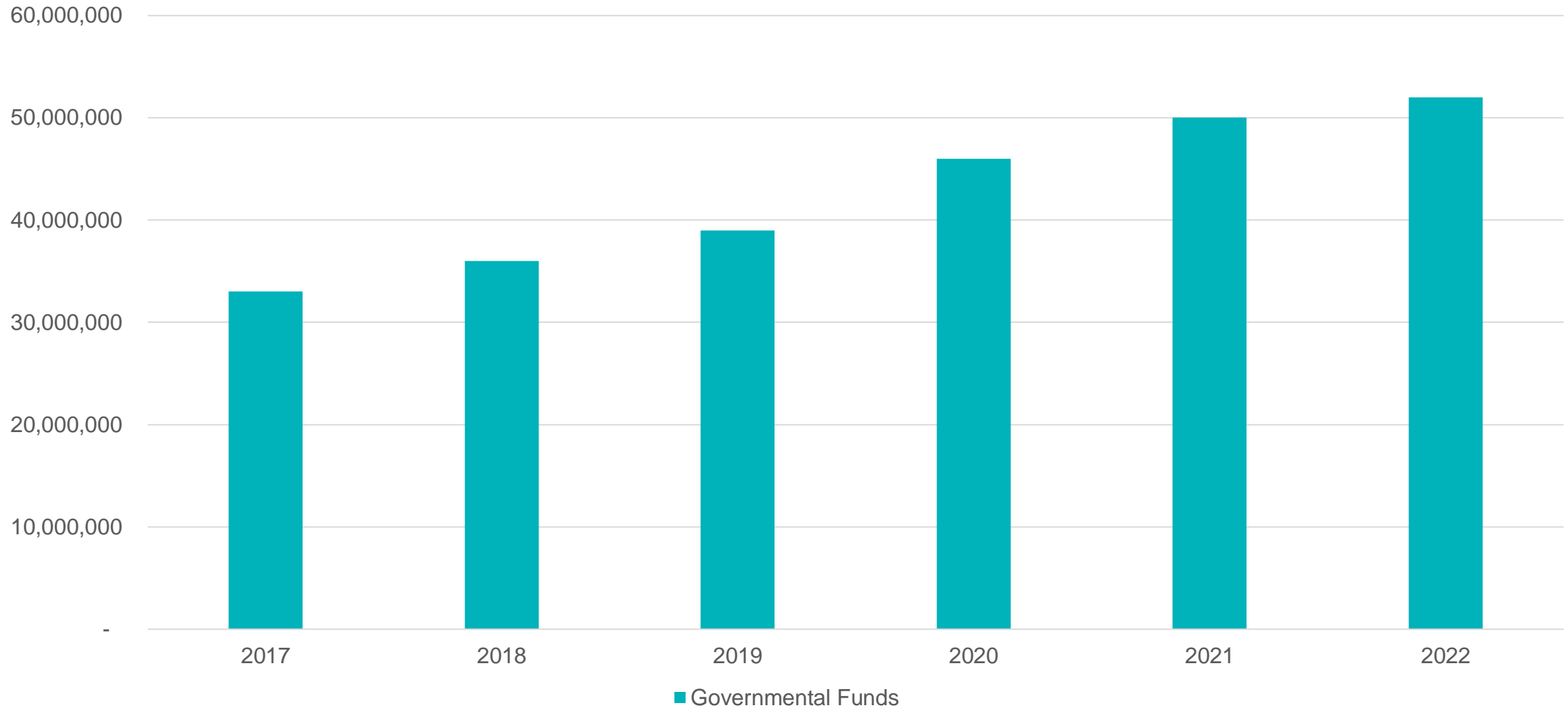
CASH

LIQUIDITY RESERVE

CORE INVESTMENT PORTFOLIO

# Historical Cash Flows

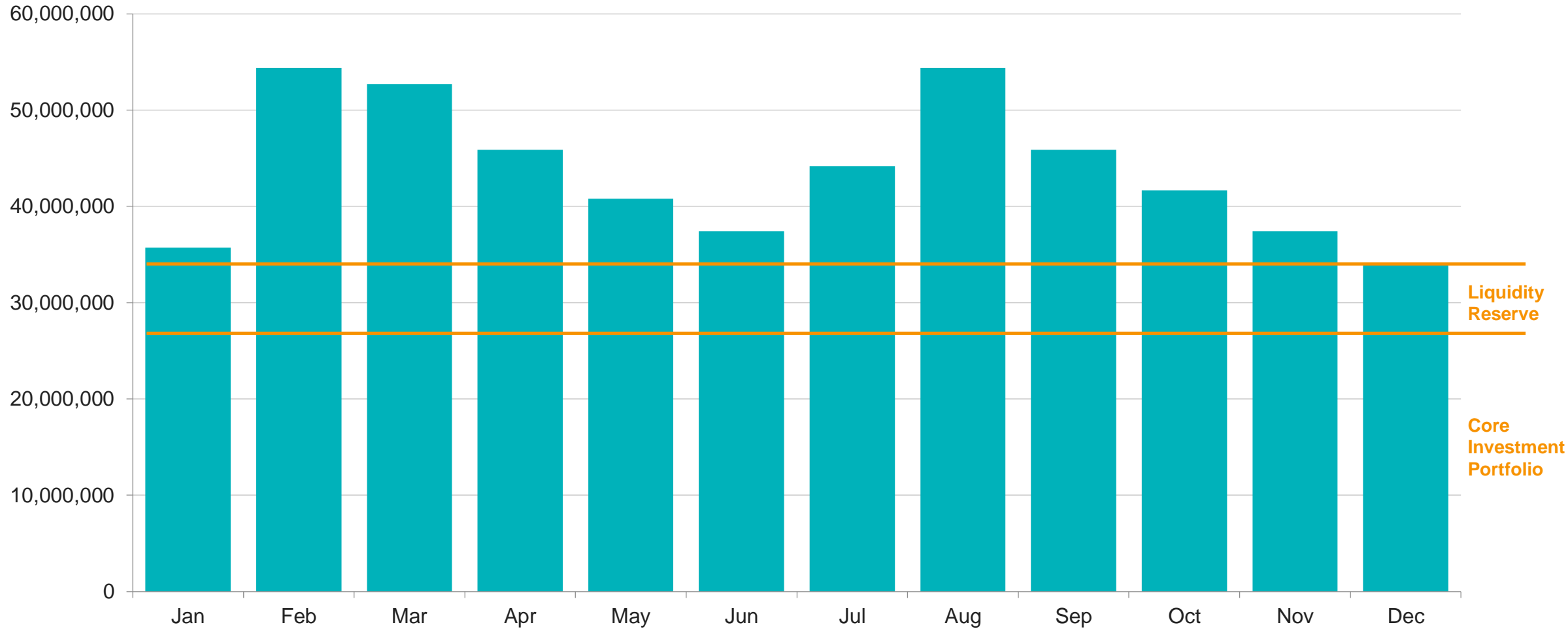
## Annual Balances



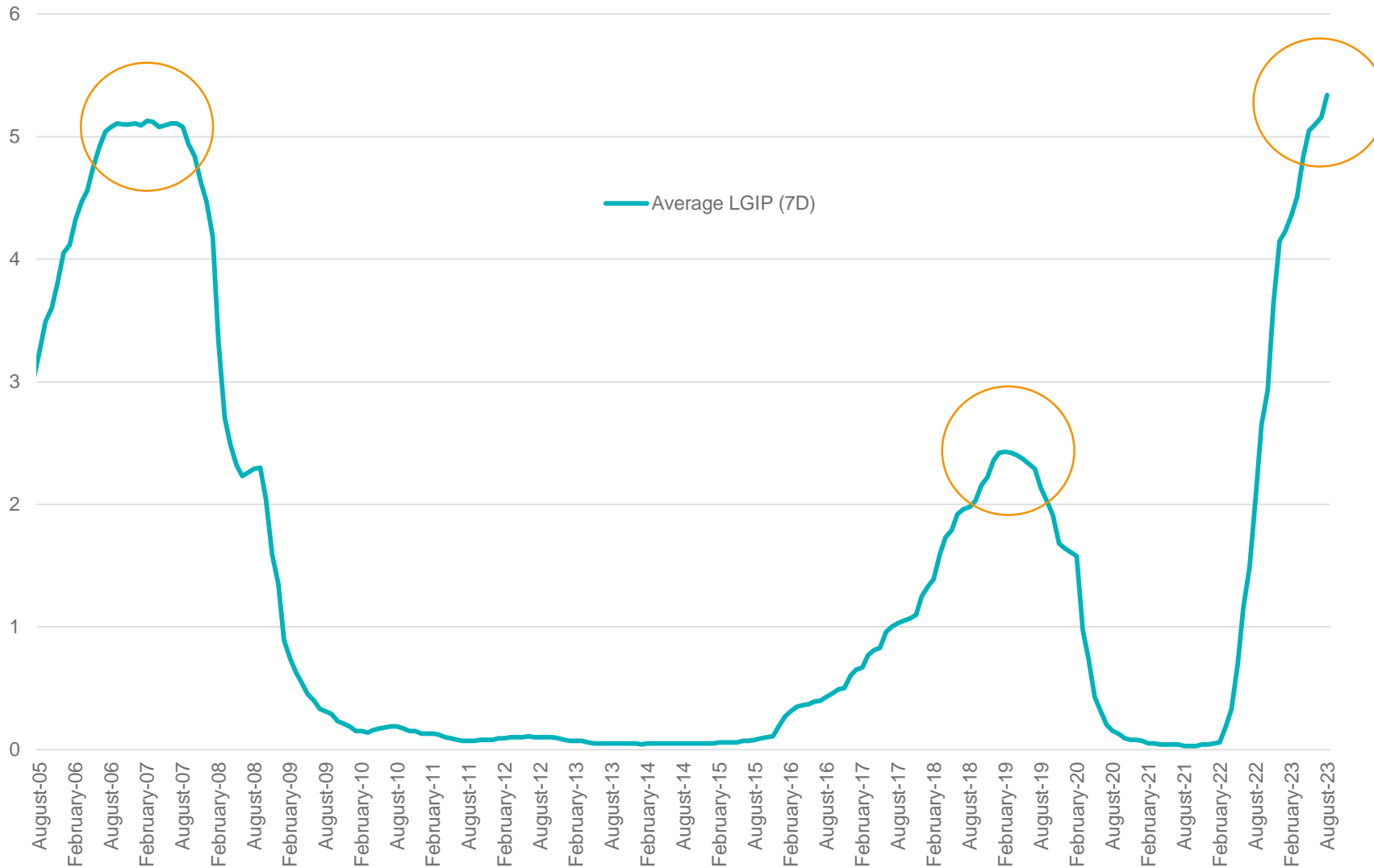


# Historical Cash Flows

## Monthly Balances

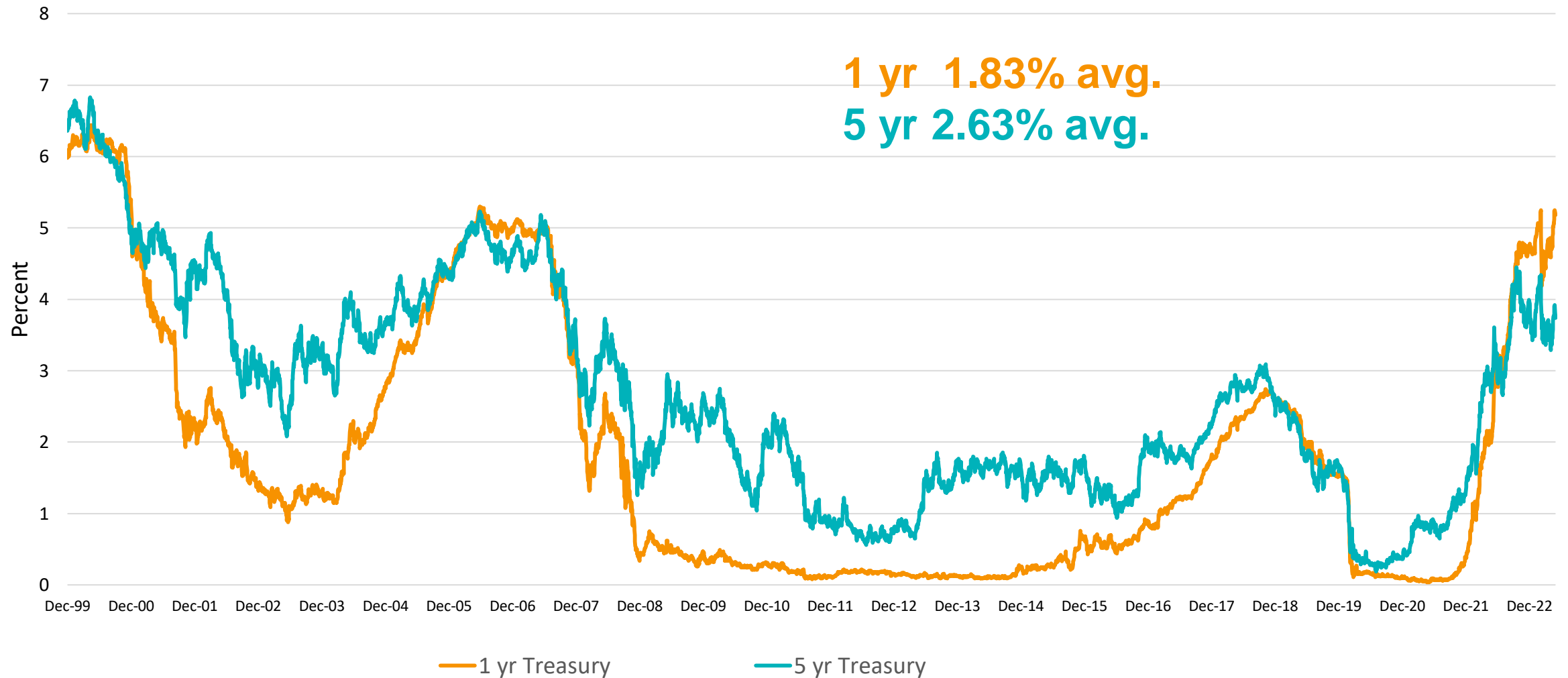


# Opportunity to Create Longer-Term Certainty



- Short-term interest rates topping out
- Opportunity to lock in high interest rates for the long-term
- Creates budgetary certainty for the long-term

# 1 yr Treasury versus 5 yr Treasury



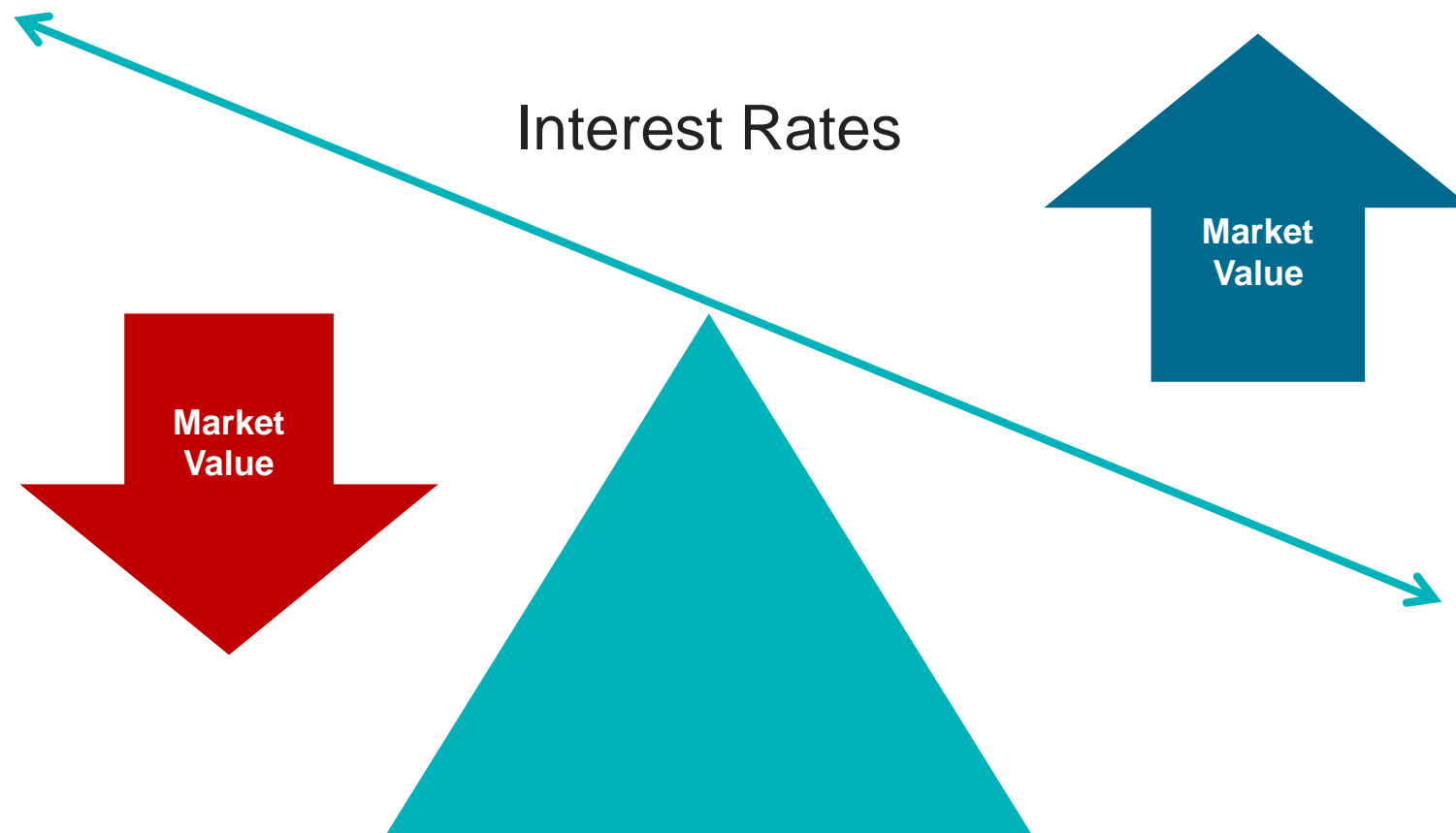
SOURCE: BLOOMBERG



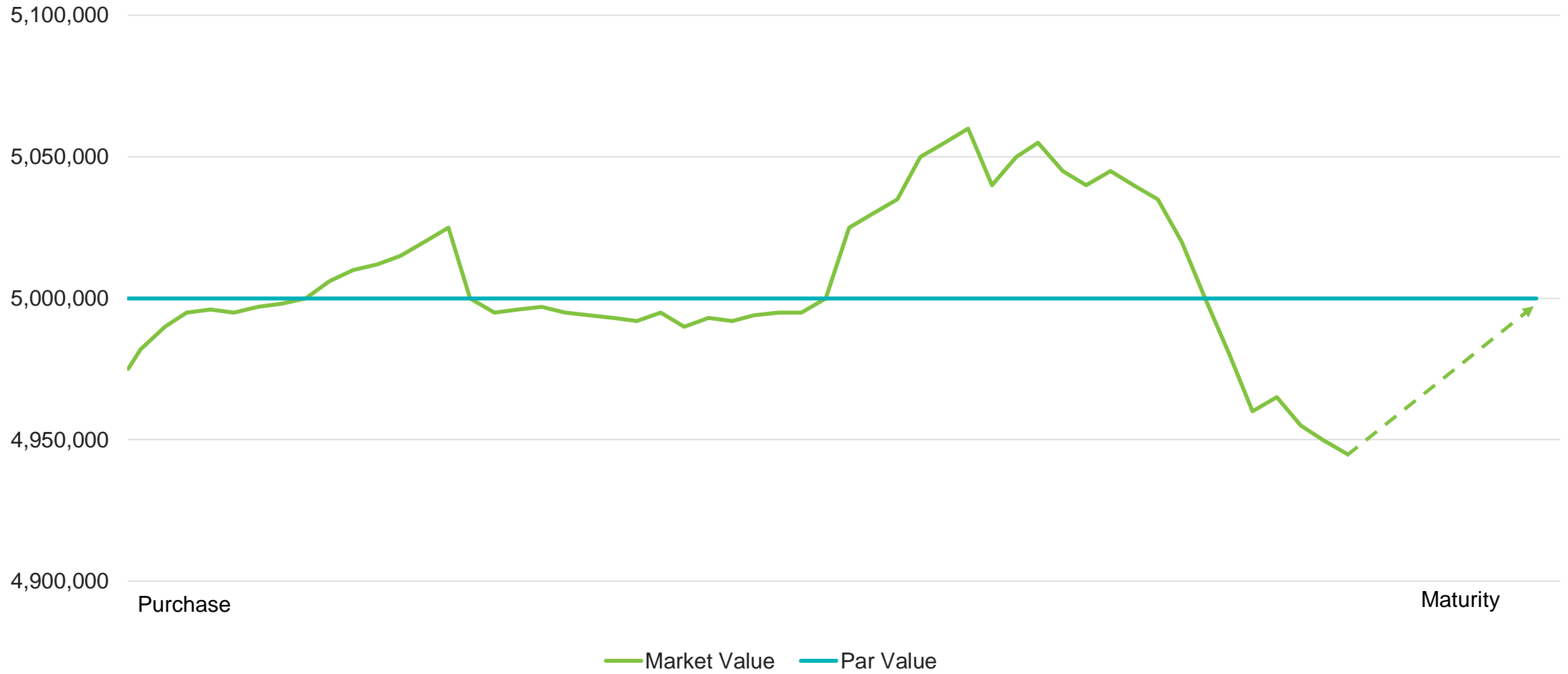
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# Additional Strategies

# Inverse Relationship



# Market Value



# INVESTMENT OPTIONS

HOLD TO MATURITY

RECEIVE COUPON INCOME and  
DISCOUNT

REINVEST AT UNKNOWN RATES  
AT MATURITY DATE

SELL PRIOR TO MATURITY

REALIZE THE LOSS

REINVEST AT TODAY'S RATES

# Swap Breakeven Analysis

Existing Holding:  
\$1 million par value US Treasury, purchased at a discount, matures in 1 year  
Coupon rate 0.375%, unrealized loss \$45,900

Lost Income & Realized Loss on Sale of Security	
Coupon	\$3,750
Discount	\$1,525
Realized Loss	\$45,900
<b>TOTAL TO RECOVER</b>	<b>\$51,175</b>

Reinvestment Rate	Potential Earnings on \$1 million for 1 year
4.00%	\$40,000
4.50%	\$45,000
5.00%	\$50,000
<b>5.50%</b>	<b>\$55,000</b>
<b>6.00%</b>	<b>\$60,000</b>



**“A plan is what, a schedule is when.  
It takes BOTH a plan and a  
schedule to get things done.”**

**—PETER TURLA**

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