

## MEMORANDUM

**TO:** Board of Trustees, Cincinnati Southern Railway Trust

**FROM:** Todd Zinser

**DATE:** February 4, 2026

**RE:** City Handling of Railway Trust Distributions — Commingling and Investment Practices

I am writing in advance of the Board's February 10 meeting to provide my perspective on the information transmitted in the January 23, 2026, memorandum from the City's Finance Director to the Board. The memo addresses the City of Cincinnati's handling of Railway Trust funds once they are received by the City.

Based on records recently produced by the City pursuant to a public records request, together with the memorandum referenced above, it appears that Railway Trust distributions, if not immediately expended, are pooled with other City funds for investment purposes. Investment earnings on those pooled funds are credited to the City's General Fund pursuant to municipal code, rather than being retained for Trust-related infrastructure purposes.

The specific question presented is whether it is appropriate for funds distributed to the City by the Trust to be commingled with the City's investment account prior to appropriation, encumbrance, or deployment for Trust purposes. As a result of this practice, investment earnings attributable to Trust distributions accrue to the City's General Fund during the period those funds remain idle, rather than inuring to the benefit of the Trust. This raises questions distinct from accounting presentation and goes to the custody, segregation, and use of Trust assets.

The records also indicate that the City continues to experience substantial difficulty deploying recent infrastructure funding, including bond proceeds, suggesting that timing and capacity constraints remain a material issue. Against that backdrop, the current practice raises several governance and fiduciary questions for the Board's consideration, including:

- how Railway Trust funds are accounted for upon receipt but prior to project use;
- whether investment earnings attributable to those funds are tracked or quantified; and
- whether the timing of Trust distributions could be better aligned with project readiness in order to avoid commingling and any unintended diversion of economic benefit.

One possible means of addressing these concerns would be a draw-down approach under which Trust funds are transferred to the City only as specific expenditures are ready to be made, rather than being distributed in advance and held within the City's investment pool. Such an approach, could reduce or eliminate commingling while preserving the City's ability to fund approved projects efficiently.

My intent in raising these issues is to assist the Board in fulfilling its fiduciary responsibilities by ensuring that Trust distributions—and any economic benefit associated with them—are managed in a manner consistent with the Trust's purpose and public expectations.

I offer these observations in advance so that Trustees may consider them thoughtfully and, if appropriate, request additional information from the City prior to or during the upcoming meeting.