

**Sandusky County Commissioners – 622 Croghan Street, Fremont, OH 43420**

**2023 MEETING**

Meeting: Board Of Commissioners

Location: Commissioners' Board Room

Date: 12/19/2023

Time: 8:00AM – 10:55AM

Present: Commissioners: Charles Schwochow – President; Scott Miller

Present: Theresa Garcia – County Administrator

Others Present: Ron Hiser, Lisa Kuelling, Kim Foreman, Michael McCullough, Stacey Gibson

(\*action items)

AGENDA ITEMS	BRIEF DESCRIPTIONS / ACTION STEPS:	PERSON RESPONSIBLE:	DOLLAR AMOUNT:	MOTION / VOTE
Call to Order Pledge of Allegiance (8:00am)	*** Commissioner Zimmerman was not in session today	Charles Schwochow, President		
*Review & Approval of Commissioner Meeting Minutes, incoming Mail Review & External Meeting Notices	The 12/14/2023 minutes were reviewed/approved by the Board. The Board reviewed incoming mail and external meeting notices.	Charles Schwochow Scott Miller		*Motion: Move to Approve minutes Moved by: Scott Miller 2nd: Charles Schwochow Yes – 2 (Zimmerman absent)
Review of External board / Meetings Attended by Commissioners	Commissioners Schwochow and Miller attended the NW Ohio Safety Action Plan meeting hosted by ODOT last week. County Engineer Carlos Baez was also there. There were four counties in attendance, and they broke up in groups to discuss areas of concern on the roadways. They had road maps showing areas where there have been life altering or fatal accidents. There was discussion on these areas and ideas on how these areas can be made safer to travel. They also talked about future plans in the area that could affect road travel.	Charles Schwochow Scott Miller		
	Commissioners were unable to attend the Foster Family Holiday gathering.			

	Commissioner Zimmerman attended the Health Department meeting last week. See attachment for a summary of the meeting.			
	Commissioners all attended the JFS Start Program graduation last week. There was one young lady who graduated from the program. She shared her struggles and how the program helped her get her life back together. JFS staff and family were there to congratulate and support her.	Charles Schwochow Scott Miller		
	Commissioners attended the Regional Airport open house yesterday. There was a good turn out with the board and neighbors attending. The airport looked very nice.	Charles Schwochow Scott Miller		
<b>Commissioners and Administrator Discussion</b>	Commissioner Miller attended a holiday gathering for Ballville Township. They host this every year for the residents of the community.	Scott Miller		
<b>* Then /Now Documents</b>	None			
<b>* Personnel</b>	None			
<b>* Travel Requests</b>	None			
<b>Facility Management</b>	<b>Ron Hiser – Facility Management.</b> Ron came in for his regular meeting with the Commissioners. See attachment for agenda items. He had to replace the hot water heater tank at the courthouse. Habitec is installing a fire alarm system at the East State Street building. The courthouse elevator camera should be installed next week. The Commissioner's building renovation is almost complete. Ron presented a quote from the jail to have data and electricity for the vending and tracking they would like to install. There was discussion on how much money these extra projects cost. Habitec is getting quotes for security cameras on the outside of the courthouse.	Ron Hiser - Director		
	Mr. Duncan from the City of Fremont stopped in to update on the road construction in front of the building. Lisa Kuelling, EMA Director, was in for her meeting and discussed some funding she could possibly get to help with storm flooding on Court Street. She is going to gather some information and see if there is something that can assist with costs.			

EMA / 911	<p><b>Lisa Kuelling – EMA.</b> Lisa came in for her regular meeting with the Commissioners. See attachment for agenda items. She wanted to note that one of her major grants that funds running her office has been cut almost in half. She has made some adjustments for 2024 but she is not sure what will happen for 2025. Lisa reviewed other grants and meetings she has attended in the past quarter. Lisa attended many conferences and was on a panel at the Winter Conference to discuss Basecamp software. This software helps tie all EMA's together so when they are covering for other counties, they have contact information for local utilities. Next Gen 911 is being put in place and a new plan will have to be written. Ohio Revised Code has been updated for the new plans. Discovery channel is putting together a hazardous weather documentary and would like to use some footage from last December's incident on the turnpike.</p>	Lisa Kuelling - Director		
Investment Advisory Committee	<p>Kim Foreman came for the Investment Advisory Committee meeting. Michael McCullough from UBS, Advisory Group, presented our quarterly investment reports. Michael reviewed the statistics from the report. Investments are doing very good.</p>	Kim Foreman – Treasurer Michael McCullough - Senior Vice President		
* Resolutions	<p>2023 – 372 APPROVING FUND TRANSFERS FOR DECEMBER MANDATED SHARE PAYMENT (\$15,295.67) AND NOVEMBER PLACEMENT COSTS (\$47,789.35) AND SUPPLEMENTAL APPROPRIATIONS FOR WAGES (\$40,000.00) FOR END OF YEAR EXPENSES</p>	DJFS	<p>\$15,295.67 \$47,789.35 \$40,000.00</p>	<p>*Motion: Move to Approve resolution Moved by: Scott Miller 2nd: Charles Schwochow Yes – 2 (Zimmerman absent)</p>
	<p>2023 - 373 APPROVING APPROPRIATION TRANSFER FOR AUDITOR FROM CONTRACT SERVICES TO SUPPLIES (\$1,300.00) FOR END OF YEAR EXPENSES</p>	Auditor	\$1,300.00	<p>*Motion: Move to Approve resolution Moved by: Charles Schwochow 2nd: Scott Miller Yes – 2 (Zimmerman absent)</p>
	<p>2023 – 374 AUTHORIZING THE SANDUSKY COUNTY AUDITOR TO ALLOCATE FUNDS TO THE VILLAGE OF GIBSONBURG FROM THE COUNTY MOTOR VEHICLE LICENSE TAX FUND</p>	Village of Gibsonburg	\$12,330.06	<p>*Motion: Move to Approve resolution Moved by: Scott Miller 2nd: Charles Schwochow Yes – 2 (Zimmerman absent)</p>

	2023 - 375 AUTHORIZING COMPENSATION INCREASE FOR NON-BARGAINING UNIT EMPLOYEES AT THE SANDUSKY COUNTY DEPARTMENT OF JOB AND FAMILY SERVICES FOR 2024	DJFS		*Motion: Move to Approve resolution Moved by: Charles Schwochow 2nd: Scott Miller Yes – 2 (Zimmerman absent)
	2023 - 376 APPROVING APPROPRIATION TRANSFER FOR RECORDER TECHNOLOGY FUND WAGES TO BENEFITS (\$254.75) FOR 2023 YEAR END BALANCE	Recorder	\$254.75	*Motion: Move to Approve resolution Moved by: Charles Schwochow 2nd: Scott Miller Yes – 2 (Zimmerman absent)
	2023 – 377 INCREASING THE PERMIT CHARGES EFFECTIVE JANUARY 1, 2024 FOR SEWER DISTRICT #1, THE GENERAL SEWER DISTRICT AREA AND THE GENERAL WATER DISTRICT AREA.	Sanitary Engineer		*Motion: Move to Approve resolution Moved by: Scott Miller 2nd: Charles Schwochow Yes – 2 (Zimmerman absent)
<b>Public Open Session</b>	Citizens Attendees – none Media Attendees – none Elected Officials – none			
<b>Family Children First Council (FCFC)</b>	<b>Stacey Gibson – FCFC.</b> Stacey came in for her regular meeting with the Commissioners. See attachment for agenda items. One of her big projects is working on a committee to support kinship caregivers. This will put support groups together for these individuals to attend and get some assistance. They have included parents that need support as well. They can help make referrals to other groups when needed. Stacey discussed the data and numbers from wraparound and those families that have been passed to other groups they have referred them to. There are still struggles with individuals that do not respond to help well and do not return calls or go to meetings or respond to emails.	Stacey Gibson – Director		
<b>* Adjournment (10:55am)</b>	With business completed for the day the meeting was adjourned.			* Motion: Move to adjourn Moved by: 2nd:

Signature of:



Charles Schwochow, President




Russ Zimmerman, Vice President



Scott Miller

**Board of County Commissioners, Sandusky County Ohio**

Attest:   
Clerk to the Board / County Administrator

I, the undersigned, Clerk of the Board of Commissioners,  
Sandusky County, Ohio, do hereby certify that the foregoing  
is a true and correct copy from the official record of said  
Board of County Commissioners as recorded in its Journal.

\_\_\_\_\_  
Clerk, Board of County Commissioners, Sandusky County, Ohio





# SANDUSKY COUNTY PUBLIC HEALTH



GOOD MORNING!

DECEMBER 15, 2023

The following is a summary of agenda items discussed and action taken @ the regular Friday, December 15, 2023 Sandusky Co. Board of Health meeting @ 8:30 A.M. in the Front Conference Room:

1. Guests in attendance: Jennifer Greenslade-Hohman, M.D., Sandusky Co. Public Health Medical Director; and Sandusky Co. Commissioner Russ Zimmerman.
2. Co. Commissioner Zimmerman reported louvers in the HVAC system are scheduled to be balanced.
3. Nan Smith was elected President of Sandusky Co. Board of Health for 2024 and Dean L. Auxter, Vice-President. CONGRATULATIONS TO NAN AND DEAN!!! THANK YOU FOR YOUR SERVICE AND SUPPORT OF PUBLIC HEALTH!!
4. The monthly financial report was reviewed: revenue for the month totaled \$308,472.53; with revenue year to date of \$2,973,849.39. Expenses for the month totaled \$379,951.65; and expenses year to date \$3,099,001.89.
5. Payment of monthly bills was approved.
6. Approved unpaid internship for Cecilia Glauser, Bowling Green State University student, January 1, 2024-April 26, 2024 for 20 hrs./week.
7. Staff Compensation was moved to Executive Session @ the end of the meeting.
8. Approved 2024 contract for Brianna Rauch, CNP, for clinic hours in Reproductive Health and Wellness Clinic.
9. Approved 2024 contract for Mary Kuns, CNP, for clinic hours in Reproductive Health and Wellness Clinic.
10. Approved 2024 appropriations.
11. Approved contract with Mental Health and Recovery Services, The Board, in the amount of \$55,000.00 for September 30, 2023 to September 30, 2024.
12. Approved out of state travel for Bethany Brown, Charlotte Stonerook and Jamie Belcher to attend CADCA Conference in National Harbor, Maryland, January 29, 2024-February 1, 2024.

2000 Countryside Drive  
Fremont, OH 43420

Tel. 419-334-6377  
Fax 419-334-6380

info@scpublichealth.com  
www.scpublichealth.com

13. Approved Memorandum of Understanding with Sandusky Co. Family and Children First Council for reimbursement of CADCA Conference expenses, as the agency is part of the SPF-PFS grant with Sandusky Co.
14. Approved Memorandum of Understanding with Mental Health and Recovery Services, The Board for reimbursement of CADCA Conference expenses, as the agency is part of the SPF-PFS grant with Sandusky Co.
15. Board of Health issued an order to red placard Big Shots Pub and Grub for violations, owned by Mark Effinger.
16. Board issued orders to Paul Singh, HD Express Mart, 506 N. Main St., Clyde to have violation corrections and completed by January 19, 2024 Sandusky Co. Board of Health meeting.
17. Board issued orders to Ash Patel, Quality Inn, 3422 SR #53, Fremont, to have violations corrected and completed by January 19, 2024 Sandusky Co. Board of Health meeting.
18. THE 2024 ANNUAL DISTRICT ADVISORY COUNCIL MEETING IS MONDAY, MARCH 11, 2024 @ 7:30 A.M. IN THE FRONT CONFERENCE ROOM. SAVE THE DATE!!!
19. Health Commissioner Brown thanked Board of Health members for participating in the Board of Health training on Wednesday, November 29, 2023, from 4:30-6:00 P.M. @ Neeley Center, Terra State Community College.
20. Heard an update on Citizens Public Information Committee meeting held Friday, December 1, 2023 @ 8:30 A.M., @ Vickery Environmental, Inc. Operation is running well with the company awaiting approval of Well #8 to begin injection. Some waste water is being received from the East Palestine, Ohio train derailment.
21. Application and fee for Sandusky Co. Public Health re-accreditation has been submitted, with finalization of document upload scheduled for April, 2024.
22. Director of Nursing Deb Agee reported COVID vaccinations are progressing well.
23. Coordinator of Health Planning and Education Charlotte Stonerook distributed a flyer for the Ben Cort, Weed, Inc. presentation to be held on February 22, 2024, inviting Board of Health members to attend. Nalox boxes are being placed throughout Sandusky Co., @ local

schools, funeral homes, and car dealership. Outdoor Nalox boxes will be placed in parks, with the assistance of local law enforcement.

24. Director of Environmental Health Nina Johannsen reported on the sewage installer/hauler training held @ Sandusky Co. Public Health Front Conference Room on Wednesday, December 13, 2023, with attendance from surrounding counties. Sandusky Co. Public Health provided lunch for the meeting. Much positive feedback on the training was received.

**25. THE JANUARY SANDUSKY CO. BOARD OF HEALTH MEETING IS FRIDAY, THE 19TH @ 8:30 A.M.**

26. Executive session was held. Upon convening to open session, Sandusky Co. Board of Health granted a five (5%) percent increase to staff, including Health Commissioner Brown and an additional personal day for all full time staff, effective January 7, 2024.

**PLEASE NOTE: SANDUSKY CO. PUBLIC HEALTH OFFICES WILL BE CLOSED:**

**MONDAY, DECEMBER 25, 2023 IN OBSERVANCE OF CHRISTMAS. WILL RE-OPEN TUESDAY, DECEMBER 26, 2023 @ 8:00 A.M.**

**MONDAY, JANUARY 1, 2024 IN OBSERVANCE OF NEW YEAR'S. WILL RE-OPEN TUESDAY, JANUARY 2, 2024 @ 8:00 A.M.**

**MONDAY, JANUARY 15, 2024 IN OBSERVANCE OF MARTIN LUTHER KING, JR. DAY. WILL RE-OPEN TUESDAY, JANUARY 16, 2024 @ 8:00 A.M.**

**A VERY HAPPY HOLIDAY AND HEALTHY AND PROSPEROUS 2024!!!**





## Topics of Discussion for the meeting Dated December 19<sup>th</sup>, 2023.

1. Yesterday the Hot water tank at the Courthouse was discovered leaking and was replaced.
2. Habitec is installing the fire alarm system at the East State St. location today. This will notify us if any water is flowing.
3. Tentatively the camera in the C.H. elevator will be installed Dec. 28<sup>th</sup> and 29<sup>th</sup>.
4. Kramer Interiors will finish up the wallpapering today. MVM will move the board room back Thursday. Touch-ups and punch list to follow.
5. We need a change order from PDG to address the relief fans noise at the BOH.
6. We met with PDG to discuss various errors and omissions at the BOH. The meeting was very constructive.
7. We have received quotes for data and electrical work at the jail.
8. We are continuing to work on C.H. Security on identified measures. The work that was scheduled with Habitec is complete (camera's, door alarm, and door access). Habitec to visit C.H. last Friday and to quote installation of exterior cameras.
9. We have received the JDC HVAC contract and it is currently being reviewed by legal counsel.
10. Working with Jeff's team and Thomas Porter on design for the new EMS buildings. We are having weekly meetings.
11. The boiler replacement project at the Sheriff Office is complete. An additional pump has been installed however, controls up-grade still needed to be networked together.
12. Justin Terry has started on the 108-demolition work. Terry Tracht is securing quotes for the demolition contractors to palletize the red sandstone and deliver it to F.M.
13. We are working with PDG on mechanical upgrades for the Woodville Court, Dog warden, Communication center, and the Commissioner Bld. locations.
14. Patching up the awning at the BOE.
15. We are currently working on filling 1 housekeeper position. F.M. hired Ben Gabel as our new facility tech. Ben has HVAC, electrical, and plumbing experience and looks like a great fit for our department.
16. We received our new service truck (chassis – cab). We have cut a PO# for the service body and plow package.

**Quarterly Meeting with County Commissioners  
Stacey Gibson, Director  
December 19, 2023**

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**Kinship Caregiver Support**

A local committee was formed to provide support to parents and kinship caregivers throughout Sandusky County. These monthly partner meetings focus on conducting parent/caregiver support groups and workshops; and help to assist parents/caregivers navigating resources navigator and make referrals to local agencies as needed.

**Wraparound**

Wraparound referrals for Q1 were 24 (13 being CATS). Currently in Q2 there have been 19 referrals. Of those, several were passed on to Harbor due to intense needs. CATS had 12/13 successfully completed the program and ended court involvement. Two struggles the System of Care group continue to have 1) lack of follow through from families, and 2) lack of response/communication from the families (no-calls, no -shows, no returned emails). No new MSY funding has been utilized. We have had one youth utilize MSY funding since the start of the new fiscal year and was discharged at the end of July.

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**2024 FCFC Meeting Dates**

Sandusky County Family and Children First Council Meetings  
are held on the first Thursday of every other month at 8:00am.

March 7<sup>th</sup>

June 6<sup>th</sup>

September 5<sup>th</sup>

December 5<sup>th</sup>

2511 Countryside Drive, Suite A  
Fremont, Ohio 43420  
(p) 419.307.1541 (f) 419.332.2156

EMA  
12/19/2023  
9:00 A.M.

**Grants: 2022-2023**

- A.) EMPG-FY22-will finish up 12/31/23.
- B.) EMPG-FT23-Counties lost considerable funding. \$58,714.00-Additional new responsibilities coming but loss of funding.
- C.) SERC (LEPC)-middle of the fiscal year
- D.) HMEP-waiting on application approvals.
- E.) Homeland Security-Did not apply.
- F.) Solar Eclipse-no updates regarding funding
- G.) Mitigation-Applying for a grant for our plan that will be due in July 2025

**Meetings:**

Some meetings are virtual, most now in person.

EMA Region  
EMAO Region  
Regional Healthcare EM Coalition Calls  
Homeland Security regional meeting  
Sand. Co. LEPC  
Sand. Co. Regional Planning  
Sand. Co. Fire Association  
Sand. Co. Dept. Head Mtg  
EMAO-Education Committee  
EMA-State  
Cybersecurity Regional Planning Committee  
NW Ohio Healthcare Coalition Steering Committee  
NW Ohio Regional Hazmat Conference Committee  
Sandusky County Drone Team  
State 911 Director/Coordinator  
State 911 Executive Committee  
State 911-ESI Net Steering Committee  
Conference calls with Frontier-911 Communications-with Wood Co. SO  
Sand. Co. Homeland Security/Communications Committee  
Weather Center Briefings  
Solar Eclipse Meetings-Task Force and One on One  
Disability Meeting  
Regional Planning Meeting  
MS-ISAC (Multi-State Information Sharing and Analysis Center)  
Community Resource Collaboration Meeting  
Air Mobility Meeting  
NW Ohio Safety Action Plan Meeting  
NOAA-Water Webinar-Hydrologist  
Regional TICP (Tactical Interoperability Communications Plan)

**Reports:**

- A.) EMPG Qtr. End of the year 1/10/24
- B.) Davis Besse-End of the year-1/10/24
- C.) Work Plans-Qtr. 9, due 1/10/24

**Public Outreach:**

Board of DD-Solar Eclipse presentation to providers

**Trainings Provided/Hosted/Attended:**

- A.) Fall OEMA Conference
- B.) EMAO Fall Conference
- C.) Electric Vehicle and Lithium Ion Battery
- D.) Ohio LEPC Conference
- E.) EMAO Winter Conference (Was a panel presenter on Basecamp software)

**Emergency/Disasters:**

None

**Community or School Plan Reviews/Updates:**

- A. James Hilfiker Elementary-Gibsonburg
- B. Lutz-Fremont

**Exercises:**

- A.) Nationwide EAS & WEA test
  - B.) 2-day Public Health exercise
  - C.) NW Ohio Healthcare Drill
- 911 System-**
- A.) EMD
  - B.) Direct tone out Seneca Co. Fire Departments, contracts
  - C.) IAR Seneca Co. Fire Departments
  - D.) NG 9-1-1. New plan by April 2024. New Committee to appoint, New ORC sections.

**Communications-**

- A.) MARCS template approved and departments are having radios programmed. All authentication also needs to be completed by 7/1/25.

**EOC-Logistics-COVID**

- A.) EMA continues to distribute FREE test kits to the community.

**Misc.-**

- A.) Additional Intelligence Information distribution

## UBS Institutional Advisory

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# Portfolio Update – Sandusky County, OH

Michael McCullough  
Senior Vice President  
[www.ubs.com/touchstone](http://www.ubs.com/touchstone)



December 2023



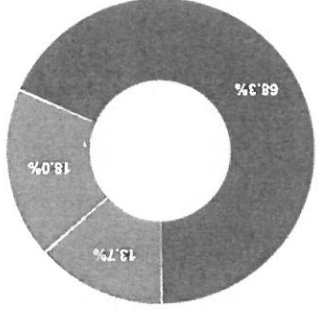
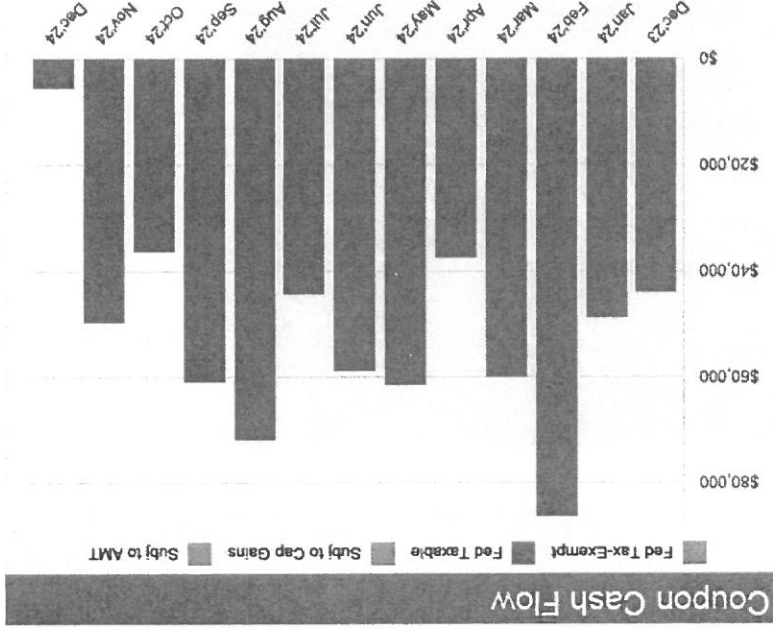
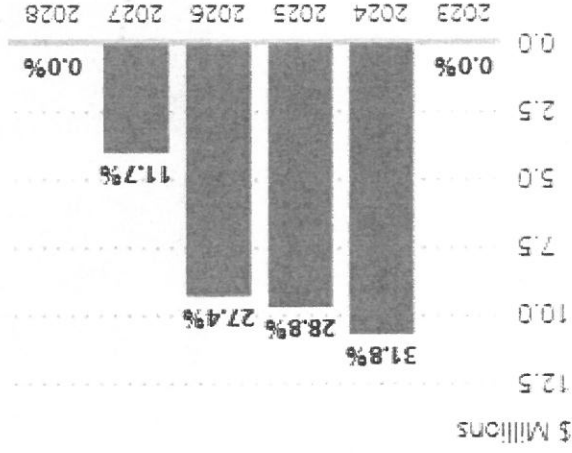
## Portfolio Highlights:

- Current Market Value: \$35,175,678
- Estimated annual income for next 12 months: \$708,941 (up 90% from Dec. 2022)
- Avg yield to maturity of the Portfolio: 2.36% (up 78% since Dec 2022)
- Avg Yield earned since July 2022: 5.02%
- Portfolio duration: 1.69 years
- Performance YTD: +3.94%

ARP Fund: \$4,429,841 (5.19%)



## Bond Maturity Schedule



Maturity Year	Issues	Quantity	Est. annual income (\$)	Current yield (%)	Yield to maturity (%)	Yield to worst (%)	Modified duration	Adjusted cost basis (\$)	Unrealized gain/loss (\$)	Mkt. value (\$)	% of bond portfolio maturing
2023	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2024	25	10,896,000	166,821.25	1.57%	5.22%	5.22%	0.68	10,830,925.26	-196,084.27	10,669,706.28	31.83%
2025	17	10,234,000	110,277.50	1.14%	4.72%	4.72%	1.55	10,079,594.33	-425,051.44	9,675,989.77	28.89%
2026	18	9,635,000	262,967.50	2.86%	4.72%	4.72%	2.39	9,618,076.51	-431,453.91	9,259,546.67	27.49%
2027	8	4,010,000	168,875.00	4.29%	4.79%	4.79%	3.11	3,931,041.1	8,993.15	3,988,613.66	11.79%

## History of Fed Rate Decisions over the past 18 months:

*On March 16, 2022, The Fed began their aggressive tightening campaign of raising rates to curb inflation which saw a 40yr high of near 9% CPI in mid-2022*

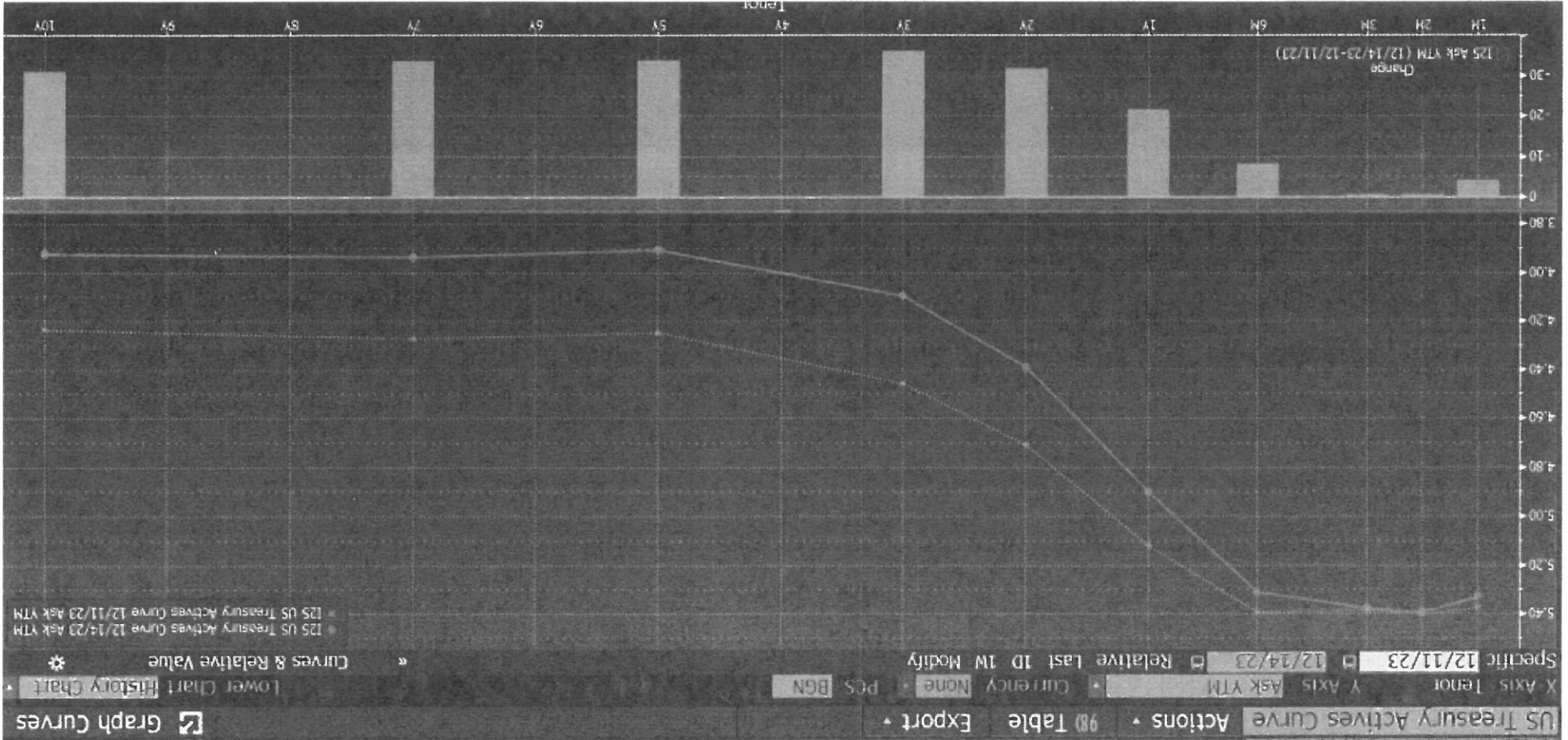


Calendar						2022
	Announcement Date	Time	Rate (%)	For	Against	Policy Concern
1)	January 26	14:00	0.00 - 0.25	9	0	--
2)	March 16	14:00	0.25 - 0.50	8	1	--
3)	May 4	14:00	0.75 - 1.00	9	0	--
4)	June 15	14:00	1.50 - 1.75	10	1	--
5)	July 27	14:00	2.25 - 2.50	12	0	--
6)	September 21	14:00	3.00 - 3.25	12	0	--
7)	November 2	14:00	3.75 - 4.00	12	0	--
8)	December 14	14:00	4.25 - 4.50	12	0	--

Calendar						2023
	Announcement Date	Time	Rate (%)	For	Against	Policy Concern
1)	February 1	14:00	4.50 - 4.75	12	0	--
2)	March 22	14:00	4.75 - 5.00	11	0	--
3)	May 3	14:00	5.00 - 5.25	11	0	--
4)	June 14	14:00	5.00 - 5.25	11	0	--
5)	July 26	14:00	5.25 - 5.50	11	0	--
6)	September 20	14:00	5.25 - 5.50	12	0	--
7)	November 1	14:00	5.25 - 5.50	12	0	--
8)	December 13	14:00	5.25 - 5.50	12	0	--

Calendar						2024
	Announcement Date	Time	Rate (%)	For	Against	Policy Concern
1)	January 31	14:00	--	--	--	--
2)	March 20	14:00	--	--	--	--
3)	May 1	14:00	--	--	--	--
4)	June 12	14:00	--	--	--	--
5)	July 31	14:00	--	--	--	--
6)	September 18	14:00	--	--	--	--
7)	November 7	14:00	--	--	--	--
8)	December 18	14:00	--	--	--	--

## Current Yield Curve from 12/11 to 12/14:



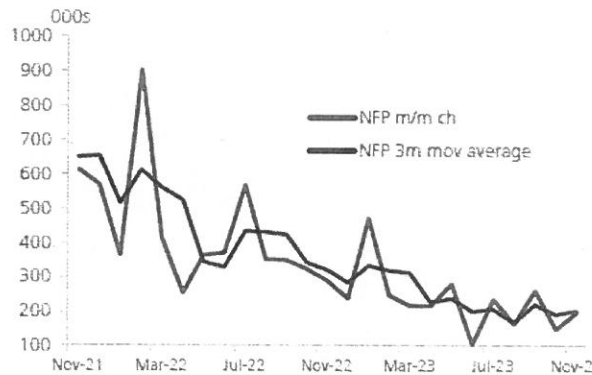
# Current US Economic Graphs: Labor Market

FRB Chair Powell used a derivative of the word "uncertain" more than the other central bankers, seven times. After talking to attendees and being in Jackson Hole myself, policy makers acknowledged the models' mistakes, but why is not yet clear, or in what way they should change has not yet been revealed.

"... Beyond these traditional sources of policy uncertainty, the supply and demand dislocations unique to this cycle raise further complications through their effects on inflation and labor market dynamics....These changing dynamics may or may not persist, and this uncertainty underscores the need for agile policymaking. These uncertainties, both old and new, complicate our task of balancing the risk of tightening monetary policy too much against the risk of tightening too little. ...As is often the case, we are navigating by the stars under cloudy skies," said Chair Powell. The structure of the economy is uncertain, the reaction to monetary policy tightening is uncertain and the outlook is uncertain. What is a policymaker to do?

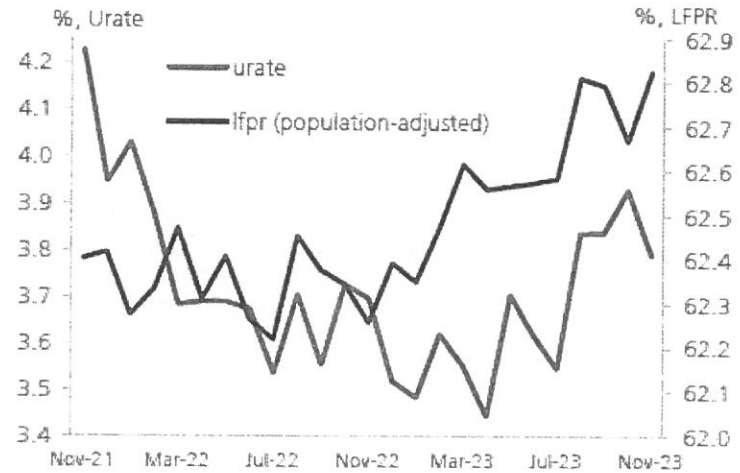
The household survey revealed a slug of labor supply, as the labor force expanded and the labor force participation rate rose 0.2 pp to 62.8% in August. That helped push the unemployment rate up to 3.8%, the highest level since February 2022. The participation rate of teenagers climbed 1.2 pp and their labor force surged by over 200K in August. Prime age participation ticked up a tenth to get back to 83.5% in August, unwinding the July dip, and participation also rose among the over age 55, but fell back among the age 65 and over where recovery from the Covid shock remains tepid. Looking ahead, Covid-related child care subsidies ending this month may weigh on labor supply in the months ahead, in addition to the US's unfavorable demographics which are putting meaningful downward pressure on the trends.

**Figure 1: Pace of job gains slowing**



Source: BLS, Haver, UBS

**Figure 2: Urate dropped while LFPR increased**



Source: BLS, Haver, UBS

**Figure 8: People collecting benefits rising**



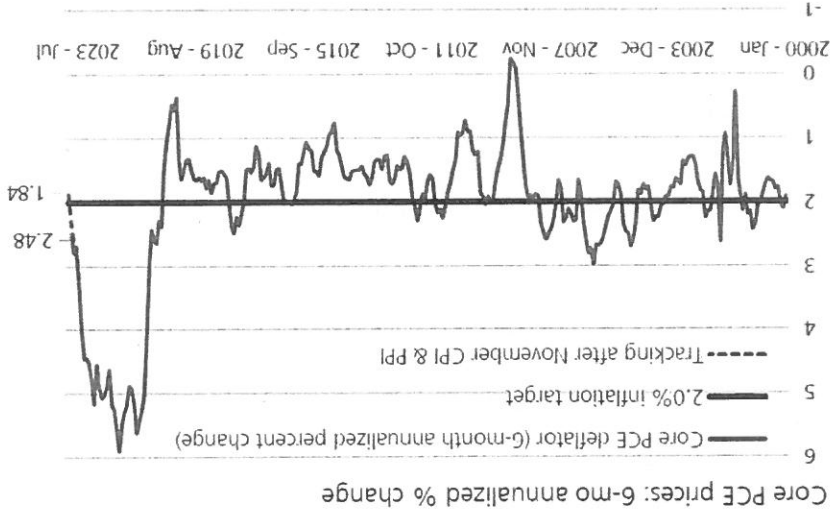
Source: DoL, Haver, UBS



# Current US Economic Outlook: Inflation

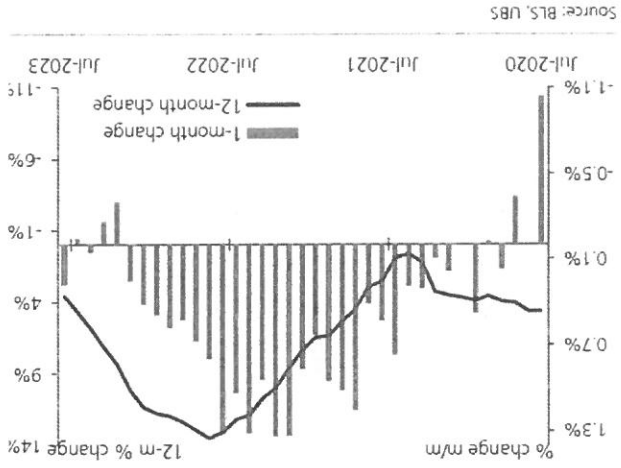
Headline CPI inflation has dropped to 3.7% from 9.1% a year ago:

Figure 1: The progress on inflation becoming more visible



Source: BEA, BLS, Haver, UBS calculations

Figure 5: Prices for food at home rose in July, but the 12-month change is well down from its peak a year ago



Source: BLS, UBS

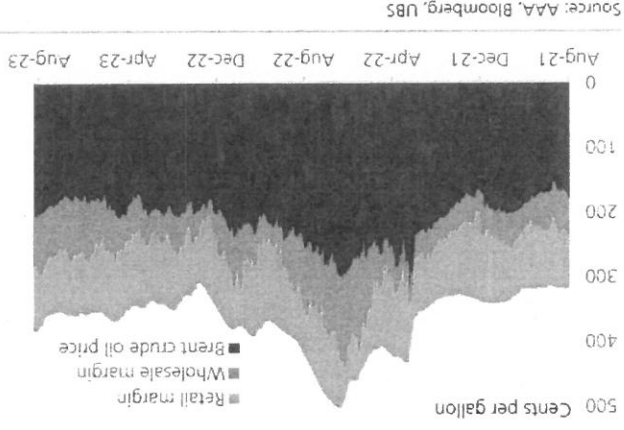
**Core PCE inflation slips to 3.7%**

Core PCE prices rose 3.7% (3.68%) over the 12-months through September — the lowest since May 2021 just a few months after the surge in inflation began. The 12-month change appears to be coming down faster than the FOMC expects. It is now at the FOMC's most recent SEP projection for the full year (Q4/Q4) and has dropped 61bp in the past two months and 101bp in the past 4 months. We expect it to decline about another 25bp by the end of the year.

**Core PCE inflation forecast below consensus at 3.3% for 2023 and 1.6% for 2024**

We continue to expect moderating demand, easing supply conditions, a softening labor market, and slowing rents will push down inflation over much of the next year. Our projection is largely unchanged again in this month, and consensus forecasts of core inflation have moved in the direction of our view in recent weeks. Nonetheless, our forecast for 2023 as a whole, as well as for 2024 and 2025, remains below consensus for core measures. In particular, our outlook for 3.3% core PCE inflation this year is 40bp below the current BBG and Blue Chip consensus measures (and further below the FOMC's June SEP that will be updated tomorrow). Our forecast for next year (at 1.6%) is around ¾pp below consensus. Meanwhile our 3.5% headline CPI inflation projection this year is line with swaps and above the most recent Blue Chip survey.

Figure 2: Gasoline prices have picked up in recent weeks, but are well below their highs of mid-2022 (through August 14)



Source: AAA, Bloomberg, UBS

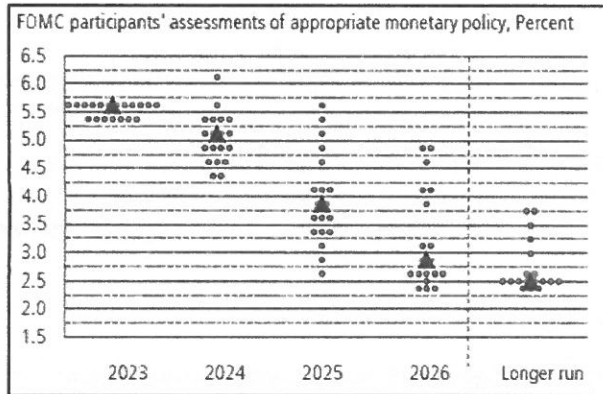
ECI: Employment Cost Index (total employee costs to businesses including wages)  
 PCE: Personal Consumption Expenditures (value of goods and services in US)





# Current US Economic Outlook: (cont.)

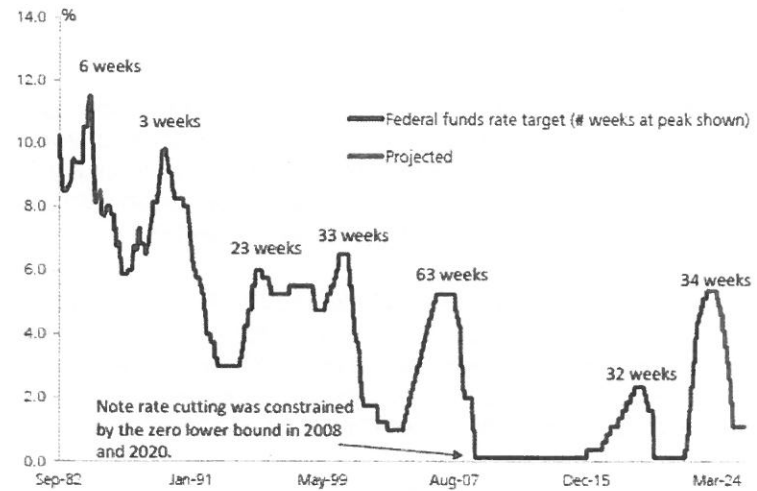
The FOMC may begin cutting rates at some point next year not because they want to be accommodative or even reduce restrictiveness. They would be expected to calibrate the nominal rate as inflation falls, since they are targeting restrictiveness via the real rate. FRB of New York President John Williams made this point in his New York Times interview in August. "It's a real rate that will matter and that needs to be sufficiently restrictive," said Chair Powell Wednesday. A few questioners later, "As we go into next year the question we will be asking ... and I'm not saying when ... that it's appropriate to cut. Part of that may be that real rates are rising because inflation is coming down. Part of it just may be that it'll be all the factors we see in the economy." As that last sentence suggests, weaker growth may also lead to a reassessment of just how restrictive the nominal rate appears.



Median	2023	2024	2025	2026	Longer run
Change in real GDP	2.1	1.5	1.8	1.8	1.8
June projection	1.0	1.1	1.8		1.8
Unemployment rate	3.8	4.1	4.1	4.0	4.0
June projection	4.1	4.5	4.5		4.0
PCE inflation	3.3	2.5	2.2	2.0	2.0
June projection	3.2	2.5	2.1		2.0
Core PCE inflation	3.7	2.6	2.3	2.0	
June projection	3.9	2.6	2.2		
Federal funds rate	5.6	5.1	3.9	2.9	2.5
June projection	5.6	4.6	3.4		2.5

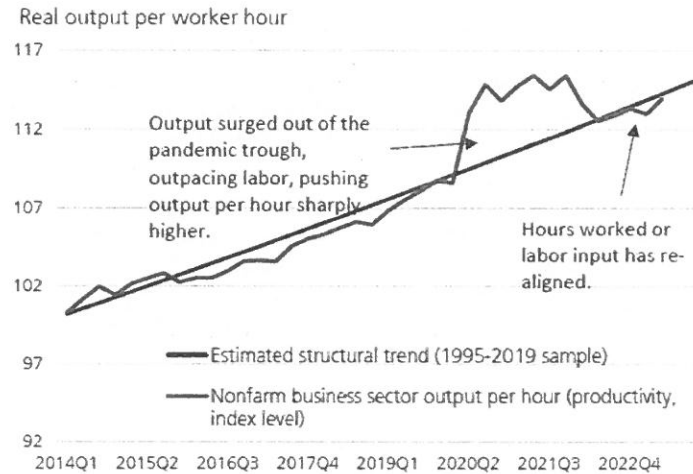
Source: Federal Reserve, UBS

Figure 3: Our projected path (in red) would be pretty typical historically



Source: Federal Reserve, Haver, UBS

Figure 6: Productivity looks well aligned with trends



Source: BLS, Haver, UBS

# Current US Economic Outlook: GDP

## Q3 real GDP revises up to 5.2%, real GDI expands 1.5% in Q3

Overall, we got less labor market income, more inventories, less consumption, less core inflation, more proprietors income but the basic thrust of the information from Q3 GDP did not change much.

Real GDP growth revised up 0.3 pp to 5.2% (saar) in Q3, a touch better than our and consensus expectations (5.0%). Consumption growth was revised down, now a less brisk 3.6% increase. In contrast, structures investment was revised up, including state and local government's investment, and the contribution of inventory investment to growth revised up to 1.4 pp. The latter should weigh on coming quarters.

Core PCE prices in Q3 were revised down from 2.4% (saar) to 2.3%, increasing the risk that the 12-month change rounds down to 3.4% in October, the data released tomorrow morning. That would put progress on core inflation falling much faster than the FOMC has been projecting. Their 2023 full year (Q4/Q4) median projection for core PCE inflation was 3.9% in June, and 3.7% in September.

Real GDI expanded 1.5% in Q3, a much more subdued pace than real GDP. While real GDP expanded 3.0% over the four quarters ending in Q3, real GDI fell 0.2% over the same four quarters, a weak outturn. Profits from current production increased \$105.7 billion, or 14% (saar), in Q3, though still down 0.7% over the four quarters.

Core PCE prices rose 2.4% in Q3, one tenth slower than the consensus expected, though that was in line with our expectations. While GDP surprised consensus to the upside, the magnitude may not have been sufficiently large to cause front end yields to rise, and the easier core inflation data may also have eased some fears for a hotter run of data this morning, as the two-year yield has fallen back following the data releases. We expect the FOMC stays on hold in November, at their meeting next week. As we wrote last week, Chair Powell said the FOMC was prepared to proceed carefully with two-sided risks to the outlook. However we also wrote that we expect December could be a tougher call for the FOMC than current market pricing suggests. While we expect slower economic data ahead and thus do not expect a rate hike in December, the economic data needs to cooperate. Lately it hasn't.

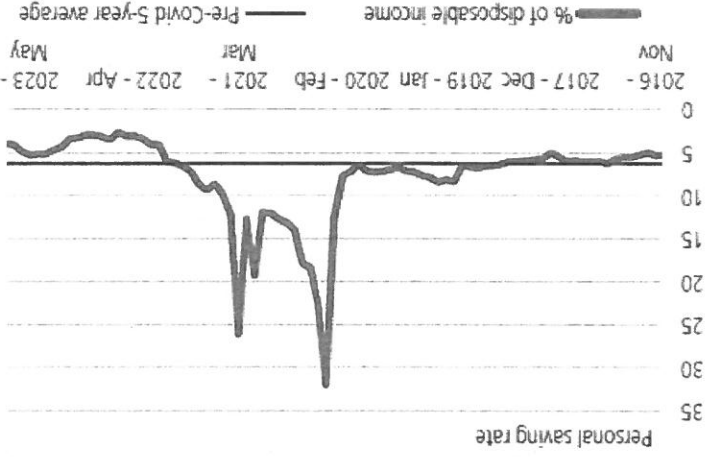
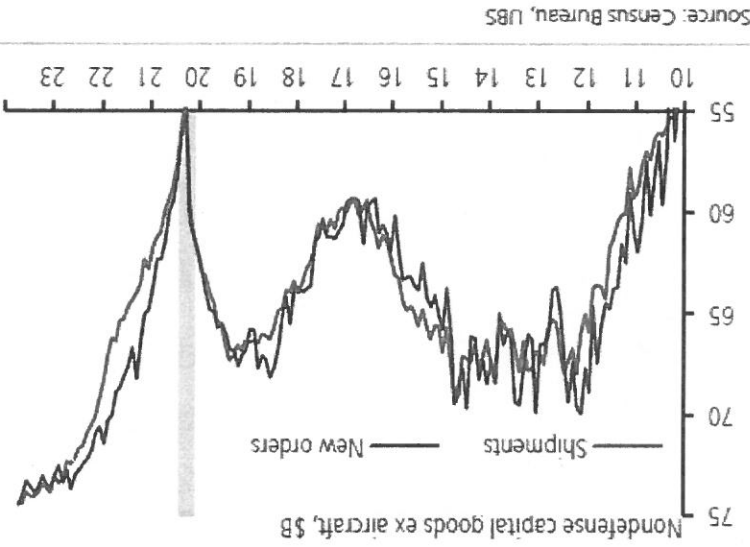


Figure 2: Saving rate appears quite low

Legend:   
 — % of disposable income   
 — Pre-Covid 5-year average

Source: BEA, UBS

Figure 3: Orders back to running above shipments



Source: Census Bureau, UBS

# The UBS Touchstone Team:

- Michael McCullough, SVP: since 2001, Michael has specialized in investment and cash management solutions for Ohio institutions including public funds.
- Fixed Income specialist for Touchstone Partners (Barron's and Forbes Top 100)
- Series 7, series 63 and series 65 licensed
- Touchstone has over \$3 Billion in assets under management
- BA from Miami University and MBA from University of Toledo
- Judy Wietrykowski– Ohio compliance supervisor
- Alicia Monday – Client service associate
- Dawn Stebelton - Client service associate
- Website: [www.ubs.com/touchstone](http://www.ubs.com/touchstone)





