

AMERICAN FORK CITY COUNCIL
SEPTEMBER 20, 2022
WORK SESSION MINUTES

Members Present:

Bradley J. Frost	Mayor
Kevin Barnes	Council Member
Staci Carroll	Council Member
Ryan Hunter	Council Member
Rob Shelton	Council Member
Clark Taylor	Council Member

Staff Present:

David Bunker	City Administrator
Stephanie Finau	Deputy Recorder
Cherylyn Egner	Legal Counsel
George Schade	IT Director
Patrick O'Brian	Development Services Director
Anna Montoya	Finance Director

Also present: Jordan Hansen (Moreton Advisors), Josh Walker (Chamber), and Kristina Wesemann (Chamber)

American Fork City Council met in a work session on Tuesday, September 20, 2022, in the City Administration Conference Room, located at 51 East Main Street, commencing at 4:00 p.m.

WORK SESSION

The purpose of City Work Sessions is to prepare the City Council for upcoming agenda items on future City Council Meetings. The Work Session is not an action item meeting. No one attending the meeting should rely on any discussion or any perceived consensus as action or authorization. These come only from the City Council Meeting.

1. Report by Moreton Advisors on the status of the city's investments.

Mayor Frost conducted the work session and turned the time over to Jordan Hansen from Moreton Advisors to give a report on the city investments.

Mr. Hansen stated they were selected to work with the city to help manage a portion of reserved funds. He started with a brief report about interest rates, as to what they were when the account first opened to where they are now, how inflation is playing a role in the interest rate market, what he expects to happen, how that impacts the current investment portfolio, and how the next 22 months will look like.

He presented graphs and statistics starting with US Treasury Bonds, which are the benchmark rate. He reported that the one-year treasury just broke 4%, which hasn't been seen since 2009. A year ago, when the account opened the one-year treasury was at .07%, which is historic numbers.

Mr. Hanson stated that usually when interest rates rises it peaks at 2%-2.5% and that's the max rates will move. It has increased so much due to inflation.

Mr. Hanson added that 5 years is the maximum maturity the city will be able to invest under Utah Management guidelines. The city's investment portfolio is considered short term since it is capped at five years. Mr. Hanson showed the yield curve on the treasury today verses a year ago. He noted when the two-year treasury is higher than the ten-year treasury, it is a signifier that a recession is on the horizon. He stated they were sitting at about 8% inflation. With high inflation, it has caused the worst start to the bond market in the last 50 years.

Mr. Bunker mentioned that the Utah Money Management act requires every city that invests in these type of investments as they can't go out to the stock market. Every city, including PTIF (*Public Treasure Investment Funds*), is going to be subject to the worst start. Mr. Hanson agreed and replied that every municipality has seen their portfolio marked negative.

Mr. Hanson went over the Utah Money Management Act and noted what the city is allowed to purchase.

Mr. Hanson stated the strategy to opening one of these accounts vs. PTIF is that the PTIF is very short. They invest predominantly in corporate floating rate notes. What that means is they tend to follow interest rates movements very closely, meaning they ride the wave of rising and falling rates. He showed examples if the city invested in 1987 and held money with a PTIF vs 5-year Treasuries. They are creating a long-term strategy so they can smooth out fluctuations. Mr. Hanson went over the investment reporting for the city, pointing out there was an unrealized loss in the city's account of about 2.5%. This loss would happen only if they had to liquidate the assets today. Under law, they buy and hold securities to maturity where they will get back what is invested initially plus interest. Mr. Hanson continued his presentation on the investment allocations and where the investments were allocated.

Council Member Shelton asked if the target is peaking at 4.26% and 4.50% and if that is what Moreton Advisors is anticipating as well. Mr. Hanson replied that it did that last week; 10 days ago it was 4% now it is 4.25%-4.50%.

Council Member Shelton asked about the investment policy. He loved seeing the historical cash flow but would love to see a forecast. He mentioned he would like to see a breakout of how much is the water fund, the general fund, the sewer fund. Council Member Shelton brought up different ways in which the city could use the reserve in a way that benefits the city and the residents.

Council Member Carroll asked Council Member Shelton how the data he referred to is different from what city gets at their budget retreat. Council Member Shelton replied that the city is building a surplus every year. He suggested they spend some of it and invest it back into the city.

Mayor Frost asked if there is any downside in borrowing from themselves. Mr. Bunker stated they could look at doing that with a portion of what they have, but not the full amount. Council Member Shelton stated he would prefer they use the funds that would bring added revenue to the city as a way to invest in themselves. Council Member Taylor added that it makes sense to

portioning some of the reserve, but he did mention that the danger in borrowing from ourselves is it potentially could go too far where we don't have access to those dollars.

There was a general discussion among the council on what they would like to see in the future. Ms. Montoya stated she is open to looking at the cash balances and investments. She added that the long-term strategy would be prudent. She talked about the restricted funds and how she keeps track of it. She noted that Moreton Advisors has increased their overall investment income significantly. Ms. Montoya noted they needed to be cautious and keep in mind the possible recession that could be coming.

Mr. Bunker stated he would meet with Ms. Montoya to look over the funds and the capital projects to help them understand the vision that is coming up for the city; that will be a key role on how we formulate that. Ms. Montoya added that she wanted to make sure there was a cash balance for upcoming projects rather than putting them into long-term investments.

Discussion continued amongst the council about the cash flow, reserves and how to best utilize the money saved.

2. Report by the Chamber of Commerce on a communications/business plan for downtown American Fork.

Kristina Wesemann reported that they had done a lot of research and talked to other cities with regards to their downtown revitalization efforts. She mentioned that they see two parts to this, which is that downtown needs regeneration/revitalization and specific help is needed for downtown. She stated that one of the things they need to do is talk to the businesses to see what they are doing. She added that its hard to know what is considered downtown, so they narrowed downtown to 6-8 blocks starting at Center Street and State Street including some of the side streets. She mentioned that they just want to focus on original downtown and see what the potential is there and what are the problems/advantages of being downtown. One thing that needs to be defined in what direction the city wants to go for downtown.

Ms. Wesemann stated that the first thing they want to do is a survey where they can get an idea of what the businesses would like to see, and whether they would like to have a downtown business alliance. They will understand the issues and the strengths and can give input. The business plan would be determined by survey results.

Council Member Taylor commented that some businesses downtown are owner occupied businesses and questioned how much value would it be to reach out to the landowners/owners to be part of the survey. Ms. Wesemann replied that most of the businesses do not own their property, but that would be reaching two separate groups. Council Member Taylor responded that it would be interesting to hear from both to compare and bring them together.

Ms. Wesemann added that there are business owners that want more customers and landowners that want to capitalize on their rent. Council Member Taylor added that surveys have been done before but he would like to see some significant change come from the surveys.

Josh Walker added that in the past when these surveys and recommendations were given to the city council, the council was not willing to spend the money to make those changes as recommended. Mr. Bunker responded that the city did not have the money to spend on that, not

that the city wasn't willing. Council Member Taylor stated they seldom get an idea that is any different that they've gotten some years ago; it will take someone to think outside the box to make any changes.

Mr. Walker responded they are working on right now is a study to see what the taste is of businesses to invest in downtown. It probably will have to be a private/public partnership to move this plan forward. Ms. Wesemann remarked that the city must be involved, as the Chamber cannot do it alone and either way information is invaluable.

Mr. Walker talked about the second stage in the study, where they hired an independent consultant to help connect these surveys on how to get businesses to invest in downtown. They met with the mayor and city administrator to see what the city would like to do. Ms. Wesemann said that they asked to be included in the survey the importance of being in downtown, incubator space, event space, co-working space, restaurant space, etc. and what the businesses think about that and what they are willing to support.

Council Member Taylor asked how much longer they have to take advantage of the opportunity zone. Council Member Hunter replied 7 years to which Mr. Bunker responded that it is phased that if you jumped in at the beginning there was a greater yield.

There was a discussion among the Council and the Chamber of Commerce about what's best for downtown and how to go about it differently regarding the survey and what the city is willing to invest into downtown. Points were given about the city needs to invest for the business to invest in downtown. Mayor Frost liked the idea of starting in one spot (wherever that may be) and asked to discuss it in another work session with a starting point in mind.

3. Report by the Chamber of Commerce on Steel Days 2022.

Ms. Wesemann reported that this Steel Days was one the most successful ones that they've had. There was more resident participation, more sponsorships, more registrations, and a lot of positive feedback. She mentioned they added an opening ceremony, the corn hole tournament, and swapped out the youth dance for the teen pool party. They didn't have any major issues with the events.

Ms. Wesemann stated they sold 93,000 carnival tickets, which was a record. Mr. Bunker requested they consider giving out the carnival tickets differently next year. He commended the utilities department for their organization in selling tickets, but it was a burden and suggested maybe next year to have a dedicated person just to do tickets. Ms. Wesemann stated there were five new carnival rides and they added an extra evening for the carnival.

Mr. Walker added that the food and vendor markets that came in was the biggest they ever had. He stated that they will meet with the Steel Day committee to review it and make improvements.

Mr. Walker mentioned that they have the next 4 years planned out for Steel Days, noting it will always be the week before Pioneer Day.

Mayor Frost added that he hoped for entertainment the Chamber can hire top level entertainers. Ms. Wesemann responded that they hope they can get a sponsorship for the big show to help bring in high caliber talent.

Discussions went on about challenges with Steel Days pertaining to electricity and water. It was noted that all vendors had generators which are noisy and smell. Ms. Wesemann suggested if permanent lighting be constructed at the park, they don't have to pay to bring in lighting. Mr. Walker asked if another restroom can be built on the northside of the park, which will give access to water, and that can be used for the entertainers. They also discussed parking and looking at new strategy to combat the parking problem and other options for exiting the park during Steel Days. Chief Paul mentioned that would help immensely to have an extra exit to deal with any mass casualties.

Mr. Bunker stated the county health department representative came on the last night and mentioned that there were more people than he had expected. Mr. Wesemann added that they had a good supply of Porta-Potty's, but it was the water station they had problems with, they were always running out of water. She added next time to have the company refill it more often.

It was noted the council would like to see a final report on the numbers from Steel Days.

4. Adjourn.

Meeting adjourned 5:41 pm



Stephanie Finau
Deputy Recorder