



# Asset and Investment Review Task Force

[treasurer.utah.gov/AIR](https://treasurer.utah.gov/AIR)

## Meeting Minutes

November 3, 2025 | 3:00 p.m. - 4:30 p.m. | Approved November 21, 2025

### IN-PERSON

Capitol Board Room  
350 N. State Street, Second Floor  
Salt Lake City, UT 84114

### VIRTUAL

Zoom: <https://bit.ly/47cgk9O>  
Website Stream: [treasurer.utah.gov/AIR](https://treasurer.utah.gov/AIR)  
YouTube Stream: <https://bit.ly/USTyt>

### **Task Force Members in Attendance:**

Utah Treasurer Marlo Oaks  
Auditor Tina Cannon  
Senator Keven Stratton (Virtual)  
Daniel Gardiner, Department of Financial Institutions  
Howard Headlee, Utah Bankers Association  
Billy Hesterman, Utah Taxpayers Association (Virtual)  
Rusty Cannon, Utah Association of Credit Unions  
Paul Jerome, West Jordan City/Utah League of Cities & Towns  
Kim Jackson, Utah County/Utah Association of Counties (Virtual)  
LeGrand Bitter, Utah Association of Special Districts (Virtual)

### **Other Attendees:**

Kirt Slauch, Utah Office of State Treasurer  
Brittany Griffin, Utah Office of State Treasurer  
Jason Nielsen, Utah Office of State Treasurer (Virtual)  
Brook McCarrick, AAG for State Treasurer (Virtual)  
Jason Allen, Utah Office of State Auditor  
Alex Nielson, Utah Office of State Auditor  
Mark Stisser, Tur Partners  
Patrick Daley, Tur Partners  
Nidhi Srivastava, University of Chicago (Virtual)  
Lindsay Mueller, Tur Partners (Virtual)  
Matt Dugdale, Stifel

### **Advisory Task Force Members in Attendance:**

Todd Hauber, Granite School District/Utah Association of School Business Officials

## **1. Task Force Business**

### Call to Order

Treasurer Oaks called the meeting to order at 3 p.m.

### Approval of Minutes

Treasurer Oaks presented the September 30, 2025 meeting minutes for discussion and approval. Mr. Cannon moved to approve the minutes. Auditor Cannon seconded the motion. The motion was carried unanimously, with all task force members voting in favor of approving the minutes.

### Adjustment to Agenda

Treasurer Oaks announced a change in the order of the agenda to accommodate Mr. Nielson's scheduling conflict. Items two and three were switched, so the Public Entity Reserves Data would be discussed before the Investment Study.

## **2. Public Entity Reserves Data**

Mr. Nielson presented new enhancements to the Asset & Investment Data Explorer, which now allow Task Force members to search and analyze responses from the Public Entity Reserves Survey more effectively. He demonstrated how users can view results by entity or question, apply filters by government type, and utilize automated textual analysis to identify recurring keywords and trends across responses. The updated dashboard features visualizations such as frequency charts and tables showing how often specific terms appear and in how many surveys. He also highlighted ongoing improvements to the user interface and previewed an upcoming feature that will integrate structured historical data extracted by an AI model from complex, nested survey responses. This cleaned and standardized data will soon be incorporated into the dashboard, though it can be shared in advance upon request.

Treasurer Oaks asked Task Force members to weigh in on what should be included in the final report, which is due on November 30. He reflected that the central question is why balances have increased, by how much, and whether the trend warrants any policy response. He noted that the data encompass a wide range of entities, including school districts, cities, counties, and special service districts. He noted that while it is clear balances have grown, the reasons appear varied and often justified. At this stage, he observed, there is no evident policy concern emerging from the data, as the underlying causes differ across entities. He said it seems to remain unclear whether any state action is needed or whether the trend will naturally balance out over time.

Mr. Cannon suggested that the increase in balances might be related to COVID-19 relief funding but recalled that Auditor Cannon had previously indicated otherwise. Auditor Cannon clarified that while federal COVID funds were required by law to be spent and therefore are not directly reflected in current balances, those funds may have indirectly contributed to the increase. By temporarily offsetting expenditures, COVID funds may have allowed entities to accumulate more of their regular revenues. She noted that while COVID could be a contributing factor, determining how much of the increase stems from it would vary by entity and is difficult to quantify.

Dr. Griffin added that survey responses frequently cited COVID as an influence, with several entities expecting balances to decrease as those effects subside. Other common factors mentioned included strong investment performance, particularly in the PTIF, and conservative budgeting practices driven by board policies.

Treasurer Oaks observed that survey data from schools suggested a rise in self-funding for capital projects rather than debt financing. Mr. Hauber noted that such trends depend heavily on timing and individual circumstances, while Mr. Slauch pointed out that self-funding becomes possible only when sufficient cash balances exist. He explained that increased cash has enabled more self-funded projects, which is an appropriate response, but the underlying cause of the higher balances remains uncertain.

He agreed that COVID likely played a role, noting that the key question is whether entities will return balances to normal levels or adjust to maintaining higher reserves.

Dr. Griffin added that rating agency expectations may also influence decisions to maintain stronger cash positions.

Senator Stratton asked whether the survey data reflected any correlation between higher balances and growth in the size, capacity, or service demands of public entities, such as the need to hold larger cash reserves due to expanded operations. Mr. Nielson confirmed that several survey responses indicated similar reasoning, noting that school districts cited growth in student populations and services, while some municipalities referenced additional reserves for employee benefits, insurance premiums, and unpredictable liabilities such as pension adjustments.

Senator Stratton then reflected on broader fiscal trends, observing that state spending had grown from roughly \$11–12 billion in 2012–2013 to nearly \$30 billion today. He questioned whether this reflected mission creep in government or simply proportional growth with population and economic expansion, emphasizing the importance of efficiency and suggesting that government growth should not exceed population growth. He asked whether data could be developed to compare growth in reserves with population and economic indicators.

Auditor Cannon noted that such analysis should be feasible by comparing revenues and expenditures to population trends, though it would require additional work. Mr. Slaugh suggested that expenditures, rather than reserves, would provide a more accurate measure of government growth relative to the economy, since reserves fluctuate independently of operations. Auditor Cannon noted that increases in reserves generally arise from differences between revenues and expenditures, which can naturally occur in growing entities, such as school districts or counties experiencing population expansion.

Senator Stratton supported this direction and added that, beyond understanding why balances have increased, policymakers should consider whether excess reserves could be productively leveraged to strengthen Utah's economy, consistent with the legislative intent behind the Invest in Utah initiative.

Auditor Cannon and Mr. Jerome shared thoughts on how differing revenue structures, such as property versus sales tax, and restrictions tied to building-related revenues, affect balances across entities. They noted that rapid growth can create temporary surpluses in restricted funds that cannot be immediately spent, while economic downturns may later draw those reserves down. Auditor Cannon observed that these structural distinctions, particularly within school districts, merit further analysis to understand the long-term balance between capital and operational funding.

Treasurer Oaks asked the group where the discussion should go next.

Mr. Jerome responded by revisiting his earlier point about the impact of federal COVID-19 funds. He explained that these funds were distributed during one of the steepest economic declines in recent history and effectively prevented public entities from drawing down their reserves, as they otherwise might have during that period. The influx of federal money, he noted, allowed entities to maintain operations without reducing balances, creating an environment in which reserves remained artificially elevated. He added that, amid widespread uncertainty about the long-term economic effects of the pandemic, most entities chose to maintain their existing tax and revenue structures rather than make adjustments. As a result, they continued operating at status quo levels, which helped sustain higher reserves even as economic conditions stabilized.

### **3. Investment Study**

Treasurer Oaks stated that the Task Force would next hear from representatives of the University of Chicago and Tur Partners on their study examining whether placing a portion of public reserves on deposit with Utah-based financial institutions could generate additional economic value for the state. He noted that this work was responsive to questions previously raised by Senator Stratton about whether public balances could be more intentionally leveraged to support local lending and economic activity, and he then turned the time over to the presenting team.

Mr. Stisser thanked the Task Force for the opportunity and explained that no state has yet implemented a program that demonstrates actual economic benefit, which makes Utah uniquely positioned to pioneer a model that links public deposits to increased state-based economic activity.. He said Utah appears especially well suited to do so because of its strong economy, sophisticated banking sector, and policy interest in strengthening community banks. He emphasized that a healthy state economy and a healthy in-state banking system are closely correlated.

Mr. Daley then outlined the presentation. He said the team would 1) provide a brief project overview, 2) recap earlier findings on the condition of Utah's banking sector, 3) walk through the analytical framework used to model economic impacts, 4) share preliminary recommendations, and 5) open the floor for discussion. He noted that the appendix to their materials included the more detailed slides presented to the Task Force in late September, which offered a fuller banking-sector overview. He reminded members that the core objective of the study is to evaluate whether reallocating a portion of public deposits, particularly from PTIF-type funds, into Utah-based financial institutions could, even at a lower investment return, produce greater in-state economic gains through increased lending and tax revenue.

Mr. Daley next pointed to FDIC data showing that Utah banks' assets and deposits have grown steadily over the past 18 years, even through major national crises, demonstrating the sector's resiliency. He also showed data from the University of Utah's economic dashboard indicating that Utah currently ranks at or near the top nationally on several key economic indicators, even after adjusting for inflation and national growth. He said this strong baseline is part of what makes Utah a good candidate for testing a deposit-to-lending model.

Mr. Daley then contrasted the traditional regulated banking system with the rapid national growth of private credit since the implementation of Dodd-Frank. Across the U.S., he said, commercial and industrial (C&I) lending and small-business lending as a share of bank assets have flattened or declined, while private credit has expanded from roughly \$250 billion in 2010 to an amount projected to exceed \$3 trillion in 2025. While it is difficult to disaggregate this by state, he said Utah's high level of private-equity activity suggests that private credit may be even more relevant here than nationally.

Mr. Stisser added that, in many states, private credit and banks can work alongside one another, but regulatory burdens sometimes prevent banks from participating as fully as they might in local growth. He said Utah could design a policy framework that reduces "friction" and keeps more of the economic benefit of public deposits circulating in-state. He invited Utah Bankers Association President Howard Headlee to offer views on how private credit and traditional banks intersect in Utah.

Mr. Headlee explained that Utah's current interest in this topic was driven in part by the state's housing and growth pressures, specifically the governor's goal to build roughly 35,000 starter homes

in five years. He said banks told state leaders that such an initiative would require additional funding sources, because well-run banks are already largely “lent up” and do not hold large unused deposit balances on their books. This, he said, is what prompted discussions with the Treasurer’s Office about whether more public funds could be placed with local banks if those dollars could be shown to generate a higher overall return to the state through local economic activity.

Mr. Daley shared FDIC data showing a sharp increase in deposits held in banks on behalf of state and political subdivisions since 2020. He emphasized that the line has risen by several billion dollars since the pre-COVID period and that this was not unique to Utah, similar growth showed up in other states’ public-funds deposits. The point was to illustrate that there is now a materially larger pool of public money sitting in the banking system than there was before 2020. Mr. Headlee commented that it would be interesting to see how that increase compared to the growth of the PTIF.

Mr. Daley then walked through the analytical model. He said the team drew on approaches used in Kansas, qualitative data from Indiana, and academic work at Penn State and other institutions, but stressed that no state has yet carried out a controlled, measured program in which public deposits were placed locally and their subsequent economic impact tracked over time. The model they developed looks at how public deposits placed in Utah banks could increase banks’ capacity to lend, how that lending could lead to income and wealth effects, and how those effects could expand the tax base. The team ran multiple sensitivity scenarios to see how different assumptions—such as how much of the lending stays in Utah—would affect outcomes.

He described two scenarios. In an “ideal” or low-friction scenario—where deposits placed in Utah banks are lent to Utah borrowers, and the resulting deposits and economic activity also remain in Utah—the modeling suggests a meaningful positive economic impact. In a higher-friction, more realistic scenario—where not all deposits or loans stay in-state, or where regulatory or market constraints limit lending—the economic benefit is smaller and can even be outweighed by the interest-rate differential between PTIF yields and bank CD rates. He emphasized that the size of the benefit depends heavily on how much of the lending and follow-on activity remains in Utah.

Mr. Nielson asked for clarification on the term “friction.” Mr. Daley explained that “frictionless” means treating Utah almost as a closed system: all deposits placed in Utah banks are lent in Utah, those loans generate economic activity in Utah, and the resulting deposits return to Utah institutions. He said that, in reality, some portion of deposits or loans will flow out of state or into national instruments, and that is what reduces the total in-state multiplier.

Mr. Gardiner asked whether the real-world scenario represented a likely outcome or a conservative stress case. Mr. Daley said it is difficult to be definitive because no state has ever tracked such a program with enough capital to measure actual outcomes. He said banks would likely be able to help the state understand deposit-and-lending flows better than the research team could, and that a Utah pilot could generate the very data that is currently missing nationwide.

Mr. Stisser stressed that, in Utah, policy could be drafted to reduce some of that friction, for example, by narrowing eligibility to Utah-based, FDIC- or NCUA-insured institutions with strong in-state loan-to-deposit ratios or with demonstrated expertise in the sectors the state wants to grow. He said not all banks are the same. Some excel in agriculture lending, some in tech, some in commercial real estate. So a policy that simply “indexes” all banks would not yield the same results as a targeted policy that directs deposits to institutions most likely to lend locally.

The presenters then showed the Task Force a “leave-behind” economic dashboard they are building for the Treasurer’s Office. Mr. Daley explained that the dashboard will allow users to adjust key assumptions—such as the share of loans that stay in Utah, the interest-rate differential, and the marginal product of capital—and see how those changes affect the projected economic impact.

The presentation transitioned into a broader policy discussion about how the study’s findings could inform future state policy.

Mr. Headlee opened by observing that many local governments and special districts have used their state-granted taxing authority to build substantial reserves. From a policy standpoint, he argued, the state has a legitimate interest in how those taxpayer-derived funds are managed. If public entities are collecting revenue from Utahns, he said, it is reasonable to expect that at least a portion of those dollars should remain working in Utah’s economy rather than being invested out of state in search of slightly higher yields. He emphasized that this discussion did not concern the Public Treasurers’ Investment Fund (PTIF), which is already prudently managed by the Treasurer, but rather the balances held by local taxing entities themselves.

Senator Stratton expanded on that point, observing that Utah’s total state spending has grown significantly in recent years. He emphasized that the goal should be to ensure government grows efficiently, ideally at a rate below population growth, and suggested that policymakers should also consider whether accumulated reserves can be used more productively within the state’s economy. He tied this question to the broader Invest in Utah concept, noting that public reserves represent a potential opportunity to strengthen local lending and investment.

From there, the discussion turned to how such a policy could realistically be implemented and verified. Several members noted that while the idea of reinvesting locally was appealing, it would require a way to demonstrate that dollars placed with Utah banks were, in fact, being lent within the state.

Mr. Gardiner explained that banks’ federal call-report data does not break out lending by geography, meaning there is no existing, standardized metric showing how much of a bank’s portfolio is lent within Utah. If policymakers wanted that visibility, he said, they would need to add a new, straightforward data element to the state’s qualified-depository process—perhaps a self-reported “local-loan-to-total-loan” ratio or similar measure. Such a metric would be feasible, but it would represent new information not currently reported to regulators.

Mr. Slauch said Utah already has a program under which the Treasurer’s Office purchases bank certificates of deposit at PTIF-equivalent rates, effectively channeling public funds into Utah banks without changing reporting requirements. However, he said, if the state were to offer deposits at below PTIF rates to encourage more local lending, it would be important that those deposits lead to additional loans, projects that would not otherwise have been financed. The expectation, he said, should be that these deposits expand lending activity rather than simply substituting for what banks already do.

Mr. Headlee responded that this distinction could be managed pragmatically. Banks already make loans with the deposits they receive, he said, and most Utah banks already lend a high share of their portfolios within the state, often around 90 percent. In that context, an additional public deposit is almost certain to support in-state lending. He suggested that participating banks could make simple written commitments affirming that intent, and the state could track overall results over time rather

than attempting to trace individual loans dollar-for-dollar, which would be impractical since deposits are fungible.

Mr. Headlee also noted that, in many cases, the Utah banks that are most active lending outside the state are also the ones paying the highest rates for deposits, so there is a natural trade-off between yield and local deployment. He said any policy should recognize that if the goal is local lending, especially for housing and infrastructure, lower deposit rates may actually be desirable, because they translate into lower borrowing costs for Utah borrowers.

Some Task Force members and the Tur Partners team suggested that Utah start with a limited pilot program to collect empirical data before pursuing any statewide mandate. A pilot could involve a modest, clearly defined amount of state money placed with select Utah-based banks, paired with a short list of additional reporting fields. Participating banks could then demonstrate how the deposits were deployed and what economic activity they supported. This would allow the state to test both the policy and reporting framework on a small scale, refining it before any broader implementation.

The conversation also addressed potential risks and structural considerations. Mr. Jerome raised the question of whether concentrating more public funds in Utah banks could increase liquidity or geographic exposure if local economic conditions softened. Drawing an analogy to “laddering” maturities for liquidity management, he asked how such a policy would affect flexibility. Mr. Daley responded that Utah’s economy is well diversified and that banks have several tools—such as loan participations and secondary-market sales—to manage liquidity and concentration risk.

Auditor Cannon cautioned against efforts to direct or target lending activity through state policy. She said the state should avoid picking winners and losers by prescribing specific sectors, such as housing, for preferred investment. She emphasized that lending decisions should remain governed by free-market principles, not by government intervention.

Mr. Slauch emphasized that even if banks originate more loans locally, they can manage their exposure effectively by selling participations or pooling loans into secondary markets. Thus, 100% in-state origination does not equate to 100% balance-sheet concentration. Mr. Gardiner added that banks are already required by regulators to monitor concentration risk across geography, sector, and loan type, and any state policy could likely align with those existing frameworks rather than imposing new oversight systems.

Treasurer Oaks suggested that the next step should be a data-driven pilot program to test assumptions and collect real-world evidence. By tracking deposit flows, lending patterns, and measurable economic effects, the state could determine whether local placement of reserves produces a meaningful multiplier. The findings, he said, could inform future legislative or regulatory decisions. Mr. Stisser added that Utah’s size, governance structure, and economic cohesion make it one of only a few states capable of implementing a program of this kind. If Utah were to pursue it, he said, the initiative could serve as a national model for how states can strengthen community banking while keeping public funds working within their local economies.

Building on that idea, Treasurer Oaks also raised a conceptual question that would require careful study: Would a state bank of banks, to supplement local bank capital and liquidity, make sense? Such an institution, he suggested, could support community banks while maintaining market discipline. The idea drew interest from both Mr. Headlee and the Tur Partners team. Mr. Headlee emphasized, however, that a capital-based structure would differ from the deposit-based model studied by the

University of Chicago/Tur Partners team; a bank of banks would have capital at risk and could take losses while the deposit model would not take that type of risk.

In closing, the presenters noted that Utah's size and fiscal stability make it uniquely suited to pilot a transparent, data-driven model. With modern analytics and cooperation from local financial institutions, Utah could become the first state to track in-state lending activity, multipliers, and tax effects in real time, producing tangible evidence to guide future policy.

#### **4. Discuss Final Report**

As the discussion drew to a close, Dr. Griffin reminded the group that the Task Force's final report must be drafted and delivered to the Legislature by November 30, and that it will include both findings surrounding the auditor's compiled data and the results from the University of Chicago/Tur Partners study. She invited members to share specific perspectives from the Task Force's work they believed should be reflected in the first iteration of the report, which would be discussed at the next and final Task Force meeting.

#### **5. Other Business/Adjournment**

Treasurer Oaks concluded by inviting further feedback to his office, confirmed that the team from the University of Chicago and Tur Partners would be providing a longer written report in addition to the overview presented at the meeting, and reminded members that the final meeting of the Task Force is scheduled for November 21 at 9:00 a.m. in the Senate Building. Senator Stratton thanked members for the depth of the discussion and expressed appreciation for the work done to give the Legislature actionable information. Treasurer Oaks then adjourned the meeting.