

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

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May 21, 2019

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, May 21, 2019 in the PICA board room located at 1500 Walnut Street, 16<sup>th</sup> Floor, Philadelphia, Pennsylvania.

**Attendees**

Board: Kevin Vaughan, Alan Kessler (*via telephone*), Michael Karp (*via telephone*), Tina Byles Williams (*via telephone*), James Cawley (*via telephone*), Robert A. Dubow (*ex officio*), and Chelsea Guzowski (*ex officio, alt. for Jen Swails*).

Staff: Harvey M. Rice, Gus Tsakos, Dora Ward, Daniel Esposito, and Deidre Morgenstern.

Invited Guests: S. William Richter, Esq., Reed Smith, LLP

**Call to Order**

Mr. Vaughan called the meeting to order at 12:20 p.m.

**Resolution No. 2019-10 – Investment Management and Custodial Services - SWAP Reserve Fund**

Mr. Rice explained that \$14.5 million, currently held by Morgan Stanley, must be moved to a different bank, due to a new policy by Morgan Stanley that it will not provide custodial services for accounts of less than \$100 million. Mr. Rice recommended moving this money to US Bank in order to save money on the custodian cost and to keep the money within the Commonwealth of Pennsylvania, a requirement brought to his attention by Mr. Richter. Mr. Karp requested information on US Bank and its assets. Mr. Rice explained that US Bank has acted as PICA’s trustee for many years. Mr. Richter added that US Bank is a national bank and is one of the biggest banks in the world.

Mr. Cawley made a motion to approve. Mr. Karp seconded the motion. The motion passed 5-0 in a voice vote.

*Mr. Richter and Mr. Kessler exited the meeting before the Executive Session because they had to recuse themselves from the matter being discussed.*

**Executive Session at 12:25 p.m. - 12:28 p.m.**

*12: 29 p.m. - Mr. Richter returned to the meeting after the Executive Session concluded.*

**Resolution No. 2019-11 – Settlement Agreement**

Mr. Cawley moved to approve the resolution. Mr. Karp seconded the motion. The motion passed 4-0 in a voice vote, with Mr. Kessler abstaining from the vote.

*12:30 p.m. - Ms. Williams left the meeting.*

**Approval of Minutes**

Mr. Cawley made a motion to approve the minutes from the meeting of April 16, 2019. Mr. Karp seconded the motion. The motion passed by a vote of 3-0.

*12:33 p.m. - Mr. Kessler returned to the meeting.*

**Executive Director’s Report**

Mr. Rice welcomed Ms. Ward back from maternity leave after she had a baby boy named Andrew.

Mr. Rice informed the Board that PICA staff issued the April tax revenue update, where the only decreases were in the real estate and beverage taxes, and the business income and receipts tax performed particularly well.

PICA staff also issued the third quarter overtime report since the last Board meeting. Mr. Kessler was concerned about increases in several key departments, most notably the Sheriff’s Office. He also asked if the report could include staffing numbers in future. Discussion ensued about overtime. Ms. Adams and Mr. Dubow agreed that increases in the Sheriff’s Office are concerning and explained they are in discussions with the Sheriff’s Office to make overtime and other expenditures more transparent. Mr. Dubow and Ms. Adams also agreed to facilitate a meeting between PICA and the Managing Director’s Office regarding overtime, as requested by Mr. Kessler. Mr. Karp requested historical data of employees receiving the most overtime compensation over the past five years in the Sheriff’s Office. He expressed concern over potential abuse of overtime that may be allowing employees to inflate their earnings in order to impact the calculation of their pension benefits. A discussion regarding what data the City should supply to PICA for the purposes of this meeting concluded in an understanding that City officials would discuss with PICA staff the best way data can be presented to PICA.

*Ms. Guzowski left the meeting at 12:55 p.m.*

Mr. Rice provided the Board with the appeals report, explaining that 54 percent of 2019 appeals have been heard to date, and that the remainder are expected to be heard by the end of December 2019.

Mr. Rice stated that this past month was a volatile one for PICA’s investments due to the trade war with China, but that there is no change in PICA’s investment yield.

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Mr. Rice also stated that PICA's Five Year Plan meetings with nine City departments and two programs have concluded.

PICA staff has also issued an RFP for a financial advisor.

**Treasurer's Report**

Mr. Rice stated that PICA is at 77 percent of its budget and will be ending the fiscal year within budget.

**New Business**

Mr. Kessler reiterated his request from last month's meeting for the total estimated cost of the new payroll system's 7.5 hour workday shift to 8 hours and its impact on overtime. Mr. Dubow answered that the amount is approximately \$3 million.

**Public Comment**

None.

**Adjournment/Recess**

Mr. Vaughan called for a motion to adjourn at 1:00 p.m. Mr. Karp made the motion to adjourn, and Mr. Cawley seconded. The motion passed 4-0.