

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

April 18, 2017

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority ("PICA") was held on Friday, April 18, 2017 in the PICA Board Room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, James Cawley, Alan Kessler, and Robert A. Dubow (*ex officio*).

Staff: Harvey M. Rice, Konstantinos Tsakos, Daniel Esposito, and Deidre Morgenstern.

Invited Guests: S. William Richter, Esq., Reed Smith, LLP; Anna Adams, Budget Director.

Call to Order

Mr. Vaughan called the meeting to order at 12:15 p.m.

Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of March 21, 2017. Mr. Vaughan seconded the motion. The motion passed 3-0.

Executive Director's Report

Mr. Rice informed the Board that Moody's recently decided to keep PICA's bond rating at AAA. S&P had upgraded PICA bonds to AAA several weeks prior.

Mr. Rice also provided an update on PICA's reports. The Boston College DROP study is progressing, and PICA is following up on data requests with the Philadelphia Pension Board. PICA also issued its monthly report on City overtime.

Mr. Rice informed the Board that staff has issued an RFP for an audit firm, as the current contract has expired.

Mr. Rice informed the Board that staff has engaged a real estate agency in light of its upcoming office lease expiration.

Pennsylvania Intergovernmental Cooperation Authority

Tuesday, April 18, 2017

Page 2

Mr. Rice informed the Board that PICA staff is currently scheduling departmental meetings with the City, as part of its Five Year Plan review process.

Treasurer's Report

Mr. Rice explained to the Board that PICA's expenditures are currently 2 percent higher than last fiscal year and at 78 percent of the operating budget.

Presentation of Proposed Five Year Plan

Mr. Dubow and Ms. Adams presented the FY18-FY22 Five Year Financial Plan to the Board. Mr. Dubow noted that pension payments are currently 15.5 percent of general fund expenditures for FY18. The rate of return on investments as of March 17, 2017 was 9.4 percent, which was above projections. He added that the pension fund would be 80 percent funded within 13 years. Discussion ensued.

Ms. Adams stated the City will add 10-12 departments to program based budgeting next year. Operating costs, including overtime, as well as revenue generation, will be visible by program through this initiative. This will make departments more accountable. Discussion ensued. Mr. Kessler requested a briefing by Mr. Charlie Brennan, the city's Chief Innovation Officer (OIT), on how the city's technological needs are incorporated both within the capital and operating budgets and how OIT can better align these two budgets.

Mr. Dubow noted that the fund balances in this proposed Five Year Plan are low, between 1 to 2 percent of revenues.

Mr. Cawley left the meeting.

Mr. Dubow and Ms. Adams discussed further details of the Five Year Plan. Board discussion ensued.

Ms. Adams informed the Board that the city is waiting for the Beverage Tax litigation to be resolved before a major investment is made in the city's Pre-K program. Further, bonds will not be issued for the Rebuild program until this litigation is resolved.

Mr. Kessler inquired about the \$90 million I-95 Overpass Construction Project that the City is embarking on and requested more details on the project. Mr. Dubow stated that he would provide additional information.

New Business

No new business.

Public Comment

None.

Adjournment

Mr. Kessler made a motion to adjourn at 1:00pm. Mr. Vaughan seconded the motion. The motion passed 2-0.