

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

July 18, 2017

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

Attendees

Board: Kevin Vaughan, James Cawley, Tina Byles Williams, Alan Kessler, Michael Karp, and Robert A. Dubow (*ex officio*).

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

Invited Guests: S. William Richter, Esq., Reed Smith, LLP; Robert Fitzmartin, Office of Budget and Program Evaluation; Jackie Dunn, Office of the Director of Finance; Sarah DeWolf, Office of Budget and Program Evaluation; Matt Stitt, City Council; Mike Dunn, City of Philadelphia.

Call to Order

Mr. Vaughan called the meeting to order at 2:00 p.m.

Approval of Minutes

Mr. Cawley made a motion to approve the minutes from the meeting of June 20th, 2017. Ms. Williams seconded the motion. The motion passed 3-0.

Executive Director's Report

Mr. Rice explained that since the last Board meeting, PICA staff has been conducting its review of the City's Five Year Plan and has prepared a report for the Board's consideration of the Plan.

Treasurer's Report

Mr. Rice explained that PICA's expenditures through the end of FY2017 were below those of FY2016 and at 80 percent of the budget for FY2017.

2:05 p.m.: Mr. Vaughan requested to recess, until the remaining two Board members join the meeting, in order to consider the City's Five Year Plan.

2:15 p.m.: Mr. Kessler and Mr. Karp entered the meeting. Mr. Vaughan announced the meeting was back in session.

Resolution No. 1: Consideration of the Five Year Plan

Mr. Rice explained PICA staff's recommendation to the Board to approve the FY2018-FY2022 Five Year Financial Plan (the "Plan"). He stated that Staff, along with its economic consultant, had found the projections in the Plan to be reasonable and appropriate, in accordance with the PICA Act requirements. Mr. Rice added that most tax revenue came in above projected amounts last fiscal year, and that economic growth in the City appears to be continuing. He added that the City has included two types of reserves in this year's Plan – one for labor contracts and one for potential federal and state funding cuts – which is unlike most Plans. Mr. Rice concluded that there are some risks to the Plan, including pending labor costs above the reserve, the possibility of economic slowdown, increasing pension costs, increasing health benefits costs, and volatility in the business income and receipts tax ("BIRT") revenue. Some discussion ensued about the structure of the BIRT, and Mr. Dubow clarified those questions.

Further discussion ensued about the City's Plan and PICA's Staff Report on the Plan. Mr. Rice and Mr. Dubow responded to questions from the Board members about labor costs, revenues, fund balances, the new stacked hybrid pension plan, the School District's financial challenges, indemnity costs, overtime spending, possible federal and state funding cuts, potential for economic downturn, and debt service, among other topics related to the City's finances.

Mr. Kessler made a motion to approve the City's Five Year Plan, and Mr. Cawley seconded the motion. After a roll call vote, the Plan was approved unanimously by a vote of 5-0.

Resolution No. 2: Election of Officers

Mr. Vaughan invited members to make nominations for Board positions.

Mr. Karp nominated Mr. Vaughan to continue as PICA Board Chair. Mr. Cawley seconded the motion. In a roll call vote, the motion passed 5-0.

Mr. Vaughan nominated Mr. Kessler to be Vice-Chair of the Board. Mr. Cawley seconded the motion. After brief discussion, Mr. Kessler requested a recess. After a brief recess, the Board came back in session. The Board approved the motion 4-0 in a roll call vote, with Mr. Kessler abstaining.

Mr. Vaughan invited nominations for Secretary/Treasurer. Mr. Kessler nominated Mr. Karp. Mr. Vaughan seconded the motion. The motion passed 4-0 in a roll call vote, with Mr. Karp abstaining.

Mr. Karp nominated Mr. Cawley for Assistant Secretary/Treasurer. Mr. Vaughan seconded the motion. The motion passed 5-0 in a roll call vote.

Resolution 3: Board Meeting Schedule

Mr. Vaughan announced the Board meeting schedule for fiscal year 2018. He explained there are no meetings scheduled for December and August. Mr. Karp made a motion to approve the schedule. Mr. Cawley seconded the motion. The motion passed 5-0 in a roll call vote.

New Business

None.

Public Comment

A member of the public asked how PICA funding to the City works. Mr. Rice explained the PICA Act's requirements for the City's adherence to its own Five Year Plans and possible Board action that has the power to withhold state funds to the City in the event the City does not adhere to a Board-approved Plan.

Adjournment/Recess

Mr. Karp made a motion to adjourn. Mr. Cawley seconded the motion. The motion passed 5-0.