

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

November 18, 2014

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority ("PICA") was held on Tuesday, November 18, 2014 in the PICA Board Room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Lawrence J. Tabas, Rhonda Hill Wilson, Michael A. Karp (*via telephone*), and Robert Dubow (*ex officio*).

Staff: Harvey M. Rice, Stephen Camp-Landis, Deidre Morgenstern, and Dora Ward.

Invited Guests: S. William Richter, Esq., Reed Smith, LLP; Anna Adams, City of Philadelphia; Kia Buckner, Heffler, Radetich & Saitta LLP; and Matthew Pierce, Heffler, Radetich & Saitta LLP.

Call to Order

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

Approval of Minutes

Mr. Tabas asked for a motion to approve the minutes from the meeting of October 14, 2014. Mr. Karp made the motion. Ms. Wilson seconded the motion. The motion passed 3-0.

Treasurer's Report

Mr. Rice noted that PICA expenditures to date in Fiscal Year 2015 were below the budgeted level. However, expenditures are higher than last fiscal year, due to increases in salary and benefit costs. Mr. Tabas commented that PICA was under the current amount previously because the Executive Director position was vacant, and that PICA is now on a normal track with personnel expenses having filled the position.

Executive Director's Report

Mr. Rice noted that the attorney handling PICA's litigation regarding the LIBOR benchmark interest rate filed an amended complaint. Defendants filed joint briefs in response. The attorney for PICA and the City is reviewing the briefs and will be filing an answer in the beginning of December.

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Mr. Rice noted that Parallel Edge, which will now provide IT services to the Authority, has ordered hardware, servers, software, and migration services. Parallel Edge noticed that PICA had more than what it needed in the past in terms of IT services and will tailor services to be more fitting to the Authority's needs.

The Special Pension Commission authorized under Act 44 will meet on November 20, 2014 to prepare for issuing its final benefit plan study.

Mr. Rice noted that the Revenue Enhancement conference at the Federal Reserve Bank is approaching on December 5th and that PICA has engaged an intern, Bryant Eng, to research the topic for the event.

Mr. Tabas asked the status of the Morgan Stanley recommended change in the PICA investment portfolio (to maintain adherence to statutory limits on the Authority's allowable investments). Mr. Rice responded that this change has been implemented.

Mr. Tabas also asked for the status of the proposal from US Bank regarding investment of a portion of the Debt Service Reserve Fund to increase returns. Mr. Rice responded that per the Board's request, PICA requested a proposal from US Bank, specifically detailing the items that would precipitate the investment fee. PICA received this proposal on November 17. PICA's counsel, Mr. Richter will review it, following which the proposal will be forwarded to the Board.

Mr. Rice stated that PICA will soon be issuing its report on the Quarterly City Managers Report (QCMR), which was issued on November 17.

Mr. Rice gave the status of the staff's pension report, which will be complete in December. PICA staff is currently editing its draft of the report. Mr. Karp suggested to wait until the scheduled January meeting to present the report. Mr. Tabas and Ms. Wilson said that if four Board members are able to convene on December 16, the next meeting would be held then. If four members are unavailable for that date, the report will be presented at the January meeting.

Discussion of Annual Audit

Ms. Buckner presented Heffler's findings from the PICA audit, which requires the firm to work closely with both PICA staff and the City. She explained that Heffler is issuing an unmodified opinion on PICA's financial statements, which is the highest level of opinion that can be issued. She reported that there were no unrecorded misstatements, material misstatements, fraud, difficulties dealing with staff, or disagreements with staff on adjustments during the process.

Heffler had recommendations based on three findings resulting from the audit, related to the way PICA gathers its financial statements. These findings have been reoccurring and are due to the Authority's small staff.

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Mr. Richter asked Ms. Buckner to clarify PICA's classification as a blended component of the City and the Commonwealth, and she explained that this is an accounting distinction rather than a legal one, which is largely due to the PICA tax that goes back to the City.

Ms. Buckner said Heffler would finalize its report within one week. The following step will be for Mr. Rice to sign a Management Representation letter issued by Heffler.

Discussion of Other Matters

Mr. Tabas asked whether PICA has a policy on staff use of personal devices in the office and remotely in accessing the PICA network. He explained that a risk analysis and a policy should be developed in this area in case a breach occurs or a personal device containing PICA documents is lost.

Public Comment

Ms. Angela Moore asked if PICA is included in the Commonwealth's financial reports, in light of Heffler's classification of PICA as a blended component of the City and the Commonwealth. Ms. Buckner answered that the City CAFR is the only document, aside from PICA's own Annual Report, where PICA finances are presented. The Commonwealth does not present PICA's financial statements in its reports.

Adjournment

Mr. Tabas asked for a motion to adjourn. A motion was made by Ms. Wilson. The motion was seconded by Mr. Tabas because other members were not present. The motion passed 2-0.