

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

October 14, 2014

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority ("PICA") was held on Tuesday, October 14, 2014 in the PICA Board Room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

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

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

Invited Guests: S. William Richter, Esq., Reed Smith, LLP; Rebecca Rhyhart, Budget Director, City of Philadelphia; Richard Allen, Deputy Budget Director, City of Philadelphia.

Call to Order

Mr. Karp called the meeting to order at 1:40 p.m.

Approval of Minutes

Mr. Karp asked for a motion to approve the minutes from the meeting of July 21. Ms. Wilson made the motion. Mr. Tabas seconded the motion. The motion passed 5-0.

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 personnel and rent costs.

Executive Director's Report

Mr. Rice noted that the attorney handling PICA's litigation regarding the LIBOR benchmark interest rate had filed an amended complaint. Defendants have 30 days to respond.

A draft of the PICA financial audit for FY14 is expected this week. Mr. Rice stated that it was hoped the report would be completed by next week.

Mr. Rice noted that PICA's computers and software require upgrades. PICA has received a proposal from Parallel Edge to provide IT services to the Authority.

Mr. Rice noted that he would like to have a meeting on the subject of tax enforcement at the Federal Reserve Bank. The focus of the meeting would be best practices in enhancing collections. Staff has invited the City Revenue Commissioner, the Deputy Secretary of the Pennsylvania Department of Revenue, and a representative from the Pew Charitable Trusts to speak on this topic.

The Special Pension Commission authorized under state law will begin meeting this fall to prepare for issuing its final benefit study.

Mr. Rice stated that Morgan Stanley has recommended a change in the PICA investment portfolio to maintain adherence to statutory limits on the Authority's allowable investments. He also noted that staff is considering a proposal from US Bank regarding investment of a portion of the Debt Service Reserve Fund to increase returns.

Discussion of Revised Five-Year Financial Plan

Mr. Rice noted that staff was recommending approval of the revised *Five-Year Financial Plan* submitted on September 24. The revised Plan includes an adjusted projection of pension costs due to new actuarial assumptions. It also includes \$33 million in projected savings for disability and workers' compensation costs. It also projects \$32 million in overtime savings in the Fire Department.

Staff believes the Plan is reasonable, and will monitor actual financial results going forward to make sure that the results are in line with the Plan's projections.

Mr. Rost stated that he was glad that the City had reached agreements with District Council 33 and the Fraternal Order of Police. However, he stated that if the city's economy was to improve, there is a need to continue to reduce the wage tax. He stated that he would have preferred that the City stay on track with wage tax cuts and project a lower fund balance in the Plan.

Mr. Rost inquired about the reasons for the changes in estimated FY14 obligations between the June 26 version of the Plan the September 24 revision. Ms. Rhyhart indicated that the reduction in Division of Innovation and Technology expenditures reflected lower revenues related to the 911 system, and that this reduction had no net impact on the Plan's projected fund balance, since both revenues and expenditures were equally impacted. She also noted that the reduction in Department of Public Property expenditures reflected the fact that a portion of the proceeds from the sale of the Love Park garage was not spent in FY14. These funds are expected to be spent in FY15.

Resolution 2015-03: Revised Five-Year Financial Plan

Mr. Karp asked for a motion to adopt Resolution 2015-03, concerning approval of the revised *Five-Year Financial Plan* for Fiscal Year 2015 through Fiscal Year 2019, submitted by the City on September 24. Ms. Wilson made the motion. Mr. Tabas seconded the motion. Since this resolution required a qualified majority, the roll was called. The vote was as follows: Dr. DiAngelo, yes; Mr. Karp, yes; Mr. Rost, yes; Mr. Tabas, yes; Ms. Wilson, yes.

Resolution 2015-04: Election of Officers

Mr. Karp stated that Resolution 2015-04 would provide for election of officers. Under the resolution, current officers would retain their offices, while Mr. Tabas would serve as Chair.

Mr. Rost stated that Mr. Karp had served the Authority well as Acting Chair since the resignation of Mr. Katz. Mr. Karp replied that he appreciated the assistance he had received from other Board members. He stated that Board members had worked together in a collegial way during his tenure as Acting Chair.

Mr. Rost moved that the Board adopt Resolution 2015-04. Dr. DiAngelo seconded the motion. The motion carried, 5-0.

Dr. DiAngelo left the meeting.

Discussion of Other Matters

Mr. Karp asked about the status of the proposed sale of the Philadelphia Gas Works. Mr. Dubow stated that Concentric Energy Advisors was completing a study for City Council. He expected that a hearing would be held.

Mr. Tabas asked whether the School District had started to receive revenue from the new cigarette tax. Mr. Dubow replied that the first remittance would occur in mid-November.

Public Comment

Mr. Jim Foster of Germantown Newspapers asked when the analysis of the City pension fund that PICA had requested from Boomershine Consulting Group would be released. Mr. Rice stated that it would be released at the November Board meeting.

Adjournment

Mr. Karp asked for a motion to adjourn. A motion was made by Mr. Tabas. The motion was seconded by Ms. Wilson. The motion passed 4-0.