

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

October 17, 2017

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority ("PICA") was held on Tuesday, October 17, 2017 in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, James Cawley (*via telephone*), Tina Byles Williams (*via telephone*), Michael Karp (*via telephone*), 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; Anna Adams, Office of Budget and Program Evaluation.

Call to Order

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

Approval of Minutes

Ms. Williams made a motion to approve the minutes from the meeting of September 19th, 2017. Mr. Cawley seconded the motion. The motion passed 4-0.

Mr. Kessler entered the meeting at 12:20 p.m.

Executive Director's Report

Mr. Rice informed the Board members that the appeals report for FY2018 was provided in their folders and that there were 4,973 assessments for that year, an amount consistent with all other years, apart from the initial assessment.

Mr. Rice also noted that the overtime report for the first quarter of FY2018 was also provided in the Board's folders, and that overtime spending for the first quarter is already above budget, being at 35 percent of the annual appropriation.

Pennsylvania Intergovernmental Cooperation Authority

Tuesday, October 17, 2017

Page 2

Mr. Rice provided an update on PICA's debt service reserve fund investment management account, stating that investments are down slightly but still on track for positive returns for the year. Mr. Rice will be speaking to the investment manager this week to discuss the account.

Since last month's Board meeting, PICA issued the FY2017 annual overtime report and the most recent monthly revenue report.

PICA has completed its annual report, which includes the PICA annual audit and financial statements. Mr. Rice explained that PICA's auditor issued a clean opinion and did not make any adjustments to the financial statements. Mr. Rice credited Ms. Deidre Morgenstern, who is PICA's Accounts Manager, for her conscientious and accurate book keeping. He also thanked Mr. Gus Tsakos, PICA's Deputy Executive Director, who is also a CPA, for facilitating an expedited and smooth process with the auditors. He explained that for the first time in years, the auditors completed their work within PICA's statutorily provided timeframe and also provided the City with PICA's financial statements ahead of schedule.

Mr. Rice updated the Board that PICA's annual fall conference is being held on October 26, 2017 at the Federal Reserve Bank of Philadelphia, with the topic: "The Path to Affordable Housing for all Philadelphians."

Mr. Karp inquired about PICA's recent monthly revenue report, which stated revenues were 5 percent higher than at this point last fiscal year. Mr. Rice explained it is too early in the fiscal year to determine whether or not this trend will be indicative of full year revenue performance. Mr. Dubow added that some major tax revenues are largely collected in the spring months, but that wage and transfer taxes are performing well thus far. Mr. Karp asked for a comparison of monthly revenues to budgeted amounts. Mr. Rice explained that that analysis is already contained in PICA's monthly revenue reports. Mr. Kessler asked whether beverage tax collections are performing well. Mr. Dubow explained that thus far, collections for each month this fiscal year have been approximately \$300,000 below projections. Ms. Adams added that it is too early in the fiscal year to determine overall performance for this tax. Mr. Karp explained the health benefits of less soda for children. Mr. Dubow added that the City is waiting for a resolution to the beverage tax litigation before increasing spending on associated programs. He explained that the Pennsylvania Supreme Court has not yet stated whether they will hear the case.

Mr. Vaughan asked about the status and impact of federal funding cuts based on Philadelphia's sanctuary policies. Mr. Dubow explained that the City has sued the federal government over cuts to JAG funding amounting to \$1.7 million in connection with the sanctuary policies. Mr. Kessler asked whether Pennsylvania Attorney General Shapiro would join in law suits on this topic. Mr. Rice stated he will research this topic and get back to the Board.

Treasurer's Report

Mr. Rice explained that PICA's expenditures are currently higher than at this point last fiscal year due to the accelerated pace of the audit, which was paid at a later point last fiscal year.

Presentation by the Office of Innovation and Technology ("OIT")

As requested by the Board, Mr. Charles Brennan presented on the status of some of OIT's big projects, as well as the status of relations with operating departments regarding their OIT needs. He explained that several months after the new administration took office, OIT compiled a list of projects with the help of the departments. They rated the projects by size, capital funding eligibility, and age of existing technology, among other factors. He explained that tasks like server maintenance are done on an ongoing basis and are not listed as major projects. He further stated that some of the larger projects commence planning stages two years before funding becomes available, in order to be executed efficiently when the time comes. He also touched on OIT's security maintenance and related challenges.

Ms. Williams expressed concern over the security issue. Mr. Brennan explained that security staff has increased by one third under his watch. He also stated funding related to security projects is not broken out separately, but is rather included within funding for the overall project. New security issues have arisen due to the cloud, and the Chief Security Officer was recently replaced internally after a vacancy. Ms. Williams suggested an Executive Session to discuss the City's cyber security measures. Mr. Vaughan replied that he will consider this, but that it may not be possible because these are confidential matters for the City for which PICA might not be able to establish a need to know basis.

Mr. Rice asked about the budget formulation solution project. Mr. Brennan and Ms. Adams explained this project has not been implemented. The new plan of action is to replace the accounting system first and then pursue the operating budget system thereafter.

Mr. Rice asked for the status of One Philly. Mr. Brennan explained that the company that was hired to do the project went bankrupt and was purchased by another company. The City is in negotiations with the new company that will be concluded within the next several weeks. Implementation for this project is expected in January or July 2019.

Mr. Kessler asked if IT projects are expected to result in cost savings. Mr. Brennan and the staff accompanying him explained that this is not always the case, and that it depends on the project. Mr. Dubow explained that the Data Warehouse is intended to generate revenue and that it has already begun to do so by data matching with the IRS. Mr. Brennan explained a collaboration with Comcast that has resulted in some internet savings. He also mentioned the City is looking into using its existing radio towers to generate additional revenue.

Mr. Kessler asked if the website is being redesigned. Mr. Brennan explained that it was recently redesigned and that it is being redesigned again currently.

Pennsylvania Intergovernmental Cooperation Authority

Tuesday, October 17, 2017

Page 4

Mr. Kessler asked whether there is productive interaction with operating departments regarding their IT needs. Mr. Brennan replied in the affirmative, explaining that this has been one of his main objectives. Mr. Dubow affirmed the collaboration.

New Business

None.

Public Comment

None.

Adjournment/Recess

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