

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

November 21, 2017

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, November 21, 2017 in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, Tina Byles Williams (*via telephone*), Michael Karp (*via telephone*), 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, Office of Budget and Program Evaluation, Jackie Dunn, Office of the Director of Finance; Pelin Chen, Deputy Budget Director; Rob Wonderling, Philadelphia Chamber of Commerce; Yvette Nunez, Philadelphia Chamber of Commerce; Mike Dunn, City of Philadelphia

Call to Order

Mr. Vaughan called the meeting to order at 12:17 p.m.

Approval of Minutes

Mr. Karp made a motion to approve the minutes from the meeting of October 17th, 2017. Ms. Williams seconded the motion. The motion passed 4-0.

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

Executive Director’s Report

Mr. Rice stated that PICA released the Monthly Revenue Report and emailed the monthly BRT report to the Board. Mr. Rice informed the Board members that the appeals report for FY2018 was provided in their folders. PICA’s staff report on the Quarterly City Managers Report was released last Thursday indicating an \$189 million FY2017 yearend fund balance, \$100 million above projections.

Mr. Rice stated that the Philadelphia Fire Fighters arbitration award will be considered in a revised five-year plan most likely in January. The plan must be considered within 20 days.

Mr. Rice advised the Board that PICA's annual fall conference which was held on October 26, 2017, with the topic, "The Path to Affordable Housing for all Philadelphians" was well attended and informative.

Mr. Rice advised the Board that in November, he was a panelist in a conference held by the Pennsylvania Institutional Investors Forum, where different pension investment strategies were discussed.

Treasurer's Report

Mr. Rice explained that PICA's expenditures through the end of FY2018 were approximately 25% over those of FY2017 and at 88 percent of the budget for FY2018.

Mr. Rice advised the Board that an update on PICA's debt service reserve fund investment will be forwarded after speaking with the investment advisor.

Mr. Karp inquired as to PICA's recent Quarterly City Managers Report report, which stated revenues were \$100 million over projections. Mr. Dubow answered that the \$189 million FY17 yearend fund balance is 4.5% of revenues. He added that the City's fund balance is not at an appropriate level and the city must make an effort to increase the fund balance in the future. Mr. Karp asked if funds will be transferred to the Rainy-Day Fund. Mr. Dubow answered that no funds will be transferred to the Rainy-Day Fund, since the surplus amount did not meet the Budgetary Reserve Fund Requirements, which is a surplus of 3% of general fund appropriations.

Ms. Williams asked if there has been further progress on the lawsuit relating to funding cuts based on Philadelphia's sanctuary policies. Mr. Dubow answered that the Judge ruled in the City's favor resulting in the preservation of a federal government grant of \$1.6 million.

Resolution No. 2018 - 05: Approval of Funding for an Additional Capital Project

Mr. Dubow stated that the City is requesting the reallocation of \$420,000 in funds, for roofing repairs at the Free Library's Roxborough and Lawncrest branches. Mr. Rice stated that these funds were set aside and approved in 2013 and that the funds were to be utilized for an assessment of certain library branches, however that assessment was recently performed under the Rebuild Initiative, therefore freeing up the original funds. Mr. Kessler inquired if dollar threshold amounts existed that would eliminate the need for a board resolution. Mr. Richter responded that no such thresholds exist under the PICA Act.

Mr. Kessler made a motion to approve the Resolution. Mr. Karp seconded the motion. The motion passed 4-0 in a roll call vote.

Presentation by The Chamber of Commerce for Greater Philadelphia

Mr. Kessler introduced Mr. Rob Wonderling, President and CEO of The Chamber of Commerce for Greater Philadelphia to discuss the Levy-Sweeney tax proposal.

Mr. Wonderling stated that the Chamber is opposed to the proposal which would amend the Commonwealth's constitution to change commercial property taxes, since this amendment would permit an exception to the uniformity clause.

Mr. Kessler inquired as to the position of the business community and asked for a brief explanation of the Chamber's position for the benefit of the new PICA board members in attendance.

Mr. Wonderling gave a brief presentation to the Board which consisted primarily of a chronology of events of the tax proposal. He stated that the Chamber's opposition was on record in the previous administration's session and that the proposal had already passed in both Commonwealth's House and the Senate. They are now waiting on the new session of the General Assembly to see whether it will pass a second time.

Mr. Wonderling continued that that the Chamber's Public Policy and Research Committee is continuing its effort to oppose this proposal. Their opposition to this amendment was recorded on March 16, 2017. They believe that this substantial change in tax policy should have full engagement of local government, and the business community. Also, the precedent it sets is not beneficial and if it passes, additional enabling legislation will be required, which might be fraught with perils since you might not get what you intended initially.

Mr. Karp inquired as to the intention of the proposal by redirecting taxes and if there would be change in rental use regulation as they might need to change.

Mr. Wonderling stated that there will be unintended consequences hence the Chamber believes that local resolution should begin with the local government not the state.

Mr. Karp stated that if City Council passed the resolution it would be easier.

Mr. Kessler asked if it would permit an exception to the immunity clause.

Mr. Wonderling answered that it would shift property tax relief to business tax relief.

Mr. Kessler stated that the School District would require raising real estate taxes.

Mr. Dubow stated that it would mean less in wage tax and more in property tax.

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Mr. Karp stated that the funds cannot be reduced once given by City Council. The City has more latitude in funding for School District.

Mr. Kessler inquired as to the Supreme Court's decision on the sweetened beverage tax. Mr. Dubow answered that the outside date is sometime in December.

Mr. Kessler inquired as to the status of the Philadelphia Beverage Tax Litigation. Mr. Dubow responded that the City hoped the Pennsylvania Supreme Court would render a decision in December as to whether to accept or decline the case.

Mr. Kessler inquired as to the decision for the Philadelphia Fire Fighters' arbitration. Mr. Dubow answered that the hearings have ended and that they are expecting a decision in early December.

New Business

None.

Public Comment

None.

Adjournment/Recess

Mr. Vaughan congratulated Mr. Rice on the fall housing conference stating that it was extremely insightful. Mr. Vaughan then stated that the PICA Board will not meet in December and wished all a Happy Holiday Season.

Mr. Karp made a motion to adjourn. Mr. Kessler seconded the motion. The motion passed 4-0.