

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

September 17, 2019

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday, September 17, 2019 in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

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

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

Invited Guests: S. William Richter, Esq., Reed Smith, LLP; Marissa Waxman, Office of Budget and Program Evaluation; Christian Dunbar, Office of the City Treasurer; Andrea Caladie, Baker Tilly; Carolyn Hipple, Baker Tilly; and Caitlyn Humrickhouse, Baker Tilly (*via telephone*).

Call to Order

Mr. Vaughan called the meeting to order at 12:20 pm.

Approval of Minutes

Mr. Cawley made a motion to approve the minutes from the meetings of July 16, 2019 and August 26, 2019 (this meeting continued to September 6, 2019 and further continued to September 9, 2019). Mr. Kessler seconded the motion. The motion passed 4-0.

Resolution 2020-05 – 2019 Bond Refunding

Mr. Vaughan informed the Board members that a revised resolution would be emailed to them shortly, which excludes paragraph thirteen. Mr. Karp explained to the other Board members that this paragraph was eliminated because it was included in the past when falling interest rates cost PICA a lot of money. At that time, paragraph thirteen was included in the resolution to buy down bonds. This provision is not needed for the current transaction.

Mr. Vaughan explained that the financial advisors met last Friday with the newly hired bond counsel and underwriter counsel, and that they put together a resolution that they recommended for a vote at

today's meeting. Mr. Kessler was concerned that the Board was being asked to vote on a resolution that they had not had time to review. Mr. Kessler asked for clarification from Mr. Richter.

Mr. Richter explained that this resolution is an authorization for PICA to conduct a transaction; it is not a mandate. Also, details still need to be filled in regarding the transaction, and several months remain until the transaction takes place. Nonetheless, this is an important step in the process. Mr. Richter also stated that the resolution is similar to previous resolutions that PICA has used since 1992, and that PICA would only do the transaction, at a later date, if it makes sense when the time comes. Mr. Karp agreed with Mr. Kessler that in the future, Board members should get at least one week to review these types of resolutions. Mr. Cawley also agreed. Mr. Karp made a motion to approve the resolution, and Mr. Kessler seconded the motion. The motion passed 4-0 in a voice vote with Ms. Williams absent.

Police Court Overtime Study

Consultants from Baker Tilly presented their report on Police Court Overtime. Mr. Vaughan thanked Mr. Karp for the idea to conduct this study. Mr. Rice provided a background stating that last year, Mr. Karp introduced this idea, and PICA issued an RFP for the study. PICA chose Baker Tilly because of their strong proposal and experience in conducting similar studies for other municipalities. Field work began in January. PICA staff and Baker Tilly reviewed draft reports on an ongoing basis and worked with the City during this process to ensure accuracy.

Baker Tilly provided an overview of its findings. The City has an opportunity to save between \$7.5 to \$10 million in Police Court Overtime annually if all stakeholders work together to resolve discrepancies, which is equivalent to one third of this type of overtime.

Mr. Karp complimented the consultants on their report and asked whether the Board should look into having someone implement the report's recommendations with the City. After some discussion, Mr. Kessler agreed this would be a good idea, proposing that PICA work with the Managing Director's Office in order to implement the report's recommendations. Mr. Dubow agreed that the City could look into this idea.

Baker Tilly continued with the overview by outlining their process. First, they had a kickoff meeting with all stakeholders and explained next steps. Next, they conducted fifteen interviews; reviewed union contracts, budgets, and policies; and observed court operations. Subsequently, they conducted further research to extrapolate dollar amounts for the impact reforms could have on existing costs. The consultants also outlined three main recommendations: 1) purchase new police scheduling software that can interface with the AOPC's scheduling system and District Attorneys' subpoena software; 2) fix/update DA's subpoena software, as it currently does not function across all courtrooms; and 3) institute proactive oversight and internal controls within the Police Overtime Unit.

Mr. Kessler followed up with a question on whether any of the recommendations touch on labor contract issues. Consultants responded that certain recommendations would need to be negotiated

with the police union and cited the example of the minimum four hour overtime pay for day off subpoenas.

Executive Director's Report

Mr. Rice stated that PICA has recently released the fourth quarter report on the QCMR and two revenue reports. He pointed the Board's attention to the appeals report in their binders and informed them that he has requested a meeting with BRT due to the slow progress in hearing appeals. The most recent overtime report is only through June, and the City has not yet provided July and August figures due to anomalies with the data. PICA will be working on the Annual Report next week and is on target to meet the September 30th deadline for the audit, which has no findings to date.

Representatives from the Fire Department and Managing Director's Office will attend the Board meeting in October. Mr. Kessler requested the section on overtime from the Five Year Plan report, and Mr. Rice promised to provide it today.

PICA will be holding its fall conference at Temple University's Center City campus. Dan Esposito proposed the topic for the conference – cybersecurity – which is being very well-received.

Investment account and debt service yields are at 3 percent; the swap is at 2 percent.

Treasurer's Report

PICA is currently overbudget due to a month that included three pay periods early in the fiscal year.

Adjournment

Mr. Kessler made a motion to adjourn. Mr. Vaughan seconded the motion. The meeting was adjourned at 1:05 pm.