

# PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

## Minutes of the Meeting of the Board

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May 16, 2023

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The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (“PICA”) was held on Tuesday May 16, 2023, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

### Attendees

Board: Kevin Vaughan, Alan Kessler, Esq. (via telephone), Pat Burns, Rosalind W. Sutch, CPA, MT, (via Zoom), Michael Karp (via telephone), Rob Dubow (*ex officio*) (via Zoom), Uri Monson (*ex officio*) (via Zoom), Natalie Krug (*alternate ex officio*) (via Zoom)

Staff: Harvey M. Rice, Rob Call, Suzanne Staherski and Deidre Morgenstern

Invited Guests: S. William Richter, Esq., Reed Smith, LLP, (via Zoom), Sabrina Maynard, Office of Budget and Program Evaluation (via Zoom)

### Call to Order

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

### Approval of Minutes

Mr. Karp made a motion to approve the minutes from the meeting of April 18, 2023. Ms. Sutch seconded the motion. The motion passed 4-0.

Mr. Vaughan proposed that the board engage in a discussion of the amendments to the Intergovernmental Cooperation Agreement prior to conducting a vote. He added that this agreement is very important and legally binding for the future of PICA. A special meeting of the board could be scheduled in June to finalize the document. A discussion of the amendments to the Intergovernmental Cooperation Agreement ensued.

Mr. Karp commended the agreement, stating that compelling the school district to submit documents and information to PICA is important and agreed with the changes the City has proposed regarding having two board members request a vote on the five year plan and that a good faith effort be made to schedule that meeting and conduct a vote upon such request.

Mr. Richter emphasized the importance of the agreement. He explained why amendments are needed (the last bond payment is in 29 days). Amendments should consider bond payments and the PICA tax extension. The City’s proposal increases the threshold for extraordinary contracts from \$1 million to \$2 million. The City’s proposal also stipulates the exclusion of extraordinary contract reporting for general obligation bonds. The amendments include extending time periods that never really worked. The issuance of initial bond provisions should be removed as they are no longer needed.

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Ms. Sutch asked whether City bond issuances should be reported to PICA if the size of the borrowing is extraordinary. Mr. Dubow and Mr. Richter answered that these contracts are routine borrowings that are no longer considered extraordinary, and the bond issuances are routine matters. Mr. Karp stated that the impact of the City's debt and bond issuance on the five year plan has not come up as part of PICA's discussion. Mr. Dubow added that this matter is now very routine. It is more about financial position than size of the borrowing because the City's ratings are now investment grade.

Mr. Vaughan stated that he would like to provide the new members time to review the agreement. He added that amendments to the agreement can be considered during June's special board meeting.

Mr. Richter pointed out that Section 5.06 regarding extraordinary contracts. Specifically, Section 5.06(c), negotiated between the Authority and the City stating that PICA issues bonds to benefit the City. With respect to bond issues, there is disclosure, such as public filings. The material regarding initial bond issues is no longer relevant. He added that the proposal also stipulates that bonds can only be issued by PICA if the City requests. With these bonds, the City proposes the right to approve all terms and conditions, including debt service and interest rates with the exception of choosing financial advisors, underwriters, etc. This item deviates from the statute.

Mr. Karp stated that he agreed that the City should have a say in approving the terms and conditions because City tax revenue is used to fund these bonds. Mr. Richter stated that bond debt issued by PICA should not be considered the City's money/debt. He is reluctant to deviate from the statute. Mr. Dubow stated that the majority of the agreement is the same although over time, some matters have changed. The City would like to continue the good relationship with the Authority. Debt service on the bonds did wind up being a City cost and he didn't think the City would request that PICA do bond issues without a say on terms and conditions. Mr. Karp stated that it is reasonable for the City to retain some input. Mr. Dubow added that it makes sense. Mr. Monson stated that he agrees that bonding needs are different, and the updates reflect this. The foremost goal is agreeing on the amount of funds available to be spent. He also asked why the language for arbitration awards was removed. Mr. Dubow answered that Mr. Rice brought this to the City's attention. Removing the arbitration award language from the agreement was done in error and will be restored.

Ms. Sutch stated that the new Transportation fund should be added. Mr. Rice answered that this issue was also brought to the City's attention and will be included in the final agreement.

Mr. Burns requested a red line version of the agreement. Mr. Rice stated that this version will be provided. Mr. Dubow added that the agreement should be introduced by June 7th or 8th. Mr. Vaughan ensured that holding the special meeting on June 8th did not conflict with the board members' schedules. The board agreed to hold the special meeting on June 8th, at 12:15 pm.

Mr. Kessler stated that moving forward, meetings should not be scheduled on Election Day. Mr. Kessler left the meeting at 1:00 pm.

**Executive Director's Report**

Mr. Rice advised the board that PICA staff released the March tax revenue report and the April obligations report. The staff also released the April overtime updates. Mr. Rice provided a synopsis of the reports for the board.

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Mr. Rice advised the board that the five year plan departmental meetings are underway and thus far, PICA staff has met with nine of eleven departments.

Mr. Rice stated that he participated in the Chamber of Commerce's City Hall Connectors virtual program in May to discuss the City's budget and five year plan revenue.

Mr. Rice stated that PICA's return on investments continues to be low due to the current market environment, but both accounts are rebounding.

**Treasurer's Report**

Mr. Rice stated that PICA spending is consistent with the same period as last year.

**Overtime Update**

Mr. Rice stated that PICA Staff received the third quarter QCMR this week.

Mr. Rice advised the board that PICA staff's overtime report indicates that the City's overtime spending is at the highest level with the same departments exceeding their overtime allocations as last month. The excessive costs are all due to understaffing as departments are utilizing overtime to deliver services. Mr. Karp stated that hiring prison staff is a significant problem and asked if an independent study would be useful. Mr. Dubow answered that an independent study is already in progress, and changes have been implemented.

Mr. Burns inquired as to marketing for staff recruitment. Mr. Dubow answered that the City has increased their marketing budget, social media outreach, and partnerships with Community College and other colleges. He added that changes in scheduling and adding additional shifts within the Streets Department have proven successful. Mr. Burns pointed out that the City Commissioner's overtime usage increased by 43%. Mr. Rice stated that this increase is the result of changes in the voting process including the implementation of a new electronic poll book system.

**New Business**

None

**Public Comment**

None

**Adjournment**

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

The meeting was adjourned at 1:11 p.m.