

PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Meeting of the Board

February 20, 2024

The meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, February 20, 2024, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, Esq. (via Zoom), Michael Karp (via telephone), Rosalind W. Sutch, CPA, MT, Patrick Burns (via Zoom), Rob Dubow (*ex officio*) (via Zoom), Andrew Armagost, Special Advisor to PA Budget Secretary (*representing ex officio*) (via Zoom)

Staff: Marisa Waxman, Rob Call, Suzanne Staherski, and Deidre Morgenstern

Invited Guests: S. William Richter, Esq., Reed Smith, LLP (via Zoom), Robert McDermott, Budget Director (via Zoom), Sabrina Maynard, Deputy Finance Director for Policy, Analysis and Grants (via Zoom), Kate McGlinchey, Chief of Staff and Deputy Director of Finance (via Zoom)

Members of the Public: Abby Rambo (via Zoom)

Call to Order

Mr. Vaughan called the meeting to order at 12:19 p.m.

Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of January 16, 2024. Ms. Sutch seconded the motion. The motion passed 4-0.

Executive Director's Report

Ms. Waxman stated that the Board meeting agenda now lists the Public Comment section prior to the Consideration and Votes on Resolutions section. Items added to the agenda include Executive Session, as a standing as-needed agenda item and Updates from the City of Philadelphia.

Ms. Waxman continued stating that PICA staff is currently working on the staff report for the second Quarterly City Manager's Report.

Ms. Waxman advised the Board of PICA's publications produced since the last meeting, as well as upcoming publications and events. PICA published "Weathering the Future: Charting a Course for Fiscal and Climate Sustainability" that was well received. Ms. Waxman added that PICA conducted a PICA 101 presentation at the City Council Orientation on January 22nd and presented PICA 101 to Councilmember Ahmad and her staff.

PICA's February Forum entitled "Philadelphia's Economic Outlook & Revenue Estimates" was held on February 16th at the Federal Reserve. The forum was highly informative and consisted of approximately forty attendees from universities, non-profits, the Federal Reserve, City representatives, and public

finance consultants. The Federal Reserve's Director of Regional Economic Analysis presented an economic overview noting that Philadelphia has 25,000 jobs over pre-pandemic levels driven by the education and medical fields, although transportation, warehousing, state and local governments are still below pre-pandemic levels. The City presented tax growth rate assumptions for the Five Year Plan.

Ms. Waxman stated that PICA will soon publish the February eNewsletter which now has 535 subscribers. PICA's LinkedIn followers has increased to 327.

Ms. Waxman advised the Board that she will be the guest lecturer at the University of Pennsylvania's Urban Studies Department this coming Thursday. She added that she met with the Economy League this month as well. She previously met with City Council's Chief Financial Officer and will continue meeting biweekly.

Ms. Waxman stated that today's agenda includes a resolution for legal services. PICA interviewed the two firms that submitted proposals, Ballard Spahr and Reed Smith.

Ms. Waxman notified the Board that the 2023 Commonwealth of PA Statement of Financial Interest forms are included in the February Board materials and are due May 1st.

Ms. Waxman updated the Board on PICA's office lease matter stating that staff toured five options and requested and received proposals from three buildings that meet PICA's requirements. She is awaiting a proposal from the current landlord to reduce the office's square footage.

Ms. Waxman stated that PICA is exploring the donation of PICA's duplicate historical materials to Temple University Archives.

Ms. Waxman informed the Board that in order to improve cybersecurity, software, entitled Password Boss was installed on all PICA computers.

Treasurer's Report

Ms. Waxman stated that PICA's FirstTrust Bank account, which holds the PICA Tax money, has an interest rate of 5%, but PICA does not receive this rate since funds are transferred to the City immediately upon receipt. PICA's Operating Budget account's interest rate is currently 1.08%. Wells Fargo presented several options for higher earnings and PICA Staff is currently reviewing this information.

Ms. Waxman continued stating that PICA spending in FY24 is less than half of the approved budget through January. Some areas have elevated costs due to consulting contracts to manage staff turnover along with vacation and sick leave payments which account for approximately 25% of total personnel costs to date in FY24.

Resolution 2024-07 – Approval of PICA FY25 Operating Budget

Ms. Waxman stated that the PICA Act requires the Board adopt and send to the Appointing Authorities a budget and responses to four questions by the end of February. The questions do not pertain to PICA at this time since there are no outstanding bonds. Funding for PICA's operations are

from a surplus in the operating account. Proposed spending of \$1.78 million, an increase of \$88 thousand from the FY24 adopted budget, is due to one-time moving related expenses, which may not be required. Excluding these expenses, the FY25 budget is 1% less than the previous fiscal year budget. The budget assumes reductions in rent, additional oversight, and personnel costs. Funding is provided for ongoing web maintenance and modernization, security upgrades, professional development, and return to in-person PICA events.

Mr. Vaughan requested a vote on the resolution. Ms. Sutch made the motion. Mr. Kessler seconded the motion. The motion passed 4-0 in a roll call vote.

Resolution 2024-08 – Approval of General Counsel

Mr. Vaughan stated that he interviewed both Ballard Spahr and Reed Smith. The largest reservation he had is Reed Smith's decision to withdraw as counsel should Mr. Richter leave the firm. Mr. Vaughan stated that with the extension of PICA by the legislature, legal counsel is required long term, not just a couple of years. Mr. Kessler stated that Mr. Richter provided distinguished service, but this decision is about the future rather than the present, not about competency. With four additional attorneys, Ballard Spahr is the right choice for PICA's future. Mr. Vaughan thanked Mr. Richter for his excellent service to the Authority.

Mr. Vaughan requested a vote on the resolution. Mr. Kessler made the motion to select Ballard Spahr as PICA General Counsel. Ms. Sutch seconded the motion. The motion passed 4-0 in a roll call vote. Mr. Kessler left the meeting at 12:40 pm.

Mr. Karp joined the meeting at 12:41 pm.

Updates from the City of Philadelphia

Mr. Dubow stated that the City's Quarterly Report has a FY24 fund balance of \$500 million. He added that the new administration is seeking to increase allocations for equipment needed for cleaning and greening initiatives. The \$49 million for equipment is in addition to \$50 million added for paving, both of which are one-time capital fund expenses rather than recurring general fund expenses. Mr. Dubow advised the Board that \$8 million is added to replace Fire Department breathing apparatuses reaching the end of their useful service life. Even with these additional costs, the City is still in compliance with the Plan, as the proposed FY25 budget will show in about a month. Mr. Karp inquired as to the fund balance in five years. Mr. Dubow replied that at the end of the last year of the current plan, it was approximately \$90 million (\$86 million). He added that the City will fund the recession reserve funds again. Mr. Dubow continued stating that the City is having ongoing discussions with the Sheriff's Department regarding tax sales and that he will update the Board as these discussions progress. Regarding Real Estate assessments, commercial appeals losses have increased, but the City has fared better with residential appeals. The City will continue monitoring. Appeals have not come in lower than anticipated. Mr. Dubow stated that the City has employed a firm to assist the Inspector General with forensic accounting for the investigation of overspending at the Office of Human Services.

Mr. Vaughan and Ms. Waxman thanked Mr. Dubow for the update.

New Business

None

Public Comment

None

Adjournment

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

The meeting was adjourned at 12:49 p.m.