PENNSYLVANIA INTERGOVERNMENTAL COOPERATION AUTHORITY

Minutes of the Annual Meeting of the Board

July 28, 2026

The annual meeting of the Board of Directors of the Pennsylvania Intergovernmental Cooperation Authority (PICA) was held on Tuesday, July 28, 2026, in the PICA board room located at 1500 Walnut Street, 16th Floor, Philadelphia, Pennsylvania.

Attendees

Board: Kevin Vaughan, Alan Kessler, Esq., Michael Karp (via telephone), Rosalind W. Sutch, CPA, MT, Patrick Burns (via Zoom), Rob Dubow *(ex officio)* (via Zoom), Sabrina Maynard, Budget Director *(alternate ex officio)* (via Zoom), and Andrew Armagost *(alternate ex officio)* (via Zoom)

Staff: Marisa Waxman, Lucille Christian, and Deidre Morgenstern

Invited Guests: Marcel Pratt, Esq., Ballard Spahr

Call to Order

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

Mr. Vaughan advised the Board members that he has chosen not to seek reelection as PICA Board Chair after holding the position for the past ten years. He thanked the PICA Board, PICA staff, the Governor, Mayor, and City officials for their diligence, cooperation, and dedication to the PICA Act and PICA's mission in maintaining the City of Philadelphia's fiscal stability. Mr. Vaughan added that he will dedicate his newly found free time to travel, ancestral research, and caring for family members. Mr. Burns stated that Mr. Vaughan has been an amazing Chair and Mr. Dubow thanked Mr. Vaughan for his guidance and cooperation throughout the years.

Approval of Minutes

Mr. Kessler made a motion to approve the minutes from the meeting of June 16, 2026. Mr. Burns seconded the motion. The motion passed 4-0.

Updates from the City of Philadelphia

Mr. Dubow presented an overview of the City's FY27-31 Five-Year Plan submitted to the PICA Board for approval. Mr. Dubow noted that there are positive General Fund balances in all five years of the Plan with the lowest projected balance of $59 million in FY29 before an operating surplus in FY31. The Plan includes deposits to the Budget Stabilization Reserve and about $600 million in the Labor Reserve. Mr. Dubow continued stating that reserves fall below Government Finance Officers Association recommended levels, but the City is making progress. He added that the City's Pension Fund is on track to be fully funded by FY33 with the Pension Obligation Bond balloon payment in FY29, and reduced pension costs in FY30. Three proposed revenue items were not incorporated into the Plan, including the Rideshare and Hotel tax proposals. However, the Administration incorporated spending reductions,

primarily from decreased borrowing for capital investments and the HOME program to enable additional School District funding. Mr. Dubow also noted the receipt of a one-time $10 million state grant for Homeless services.

Mr. Kessler inquired as to the City's tax growth projections. He asked why the City utilized the more positive projections with the continued uncertainty of federal funding. Mr. Dubow replied that the baseline estimates are already relatively conservative with no assumption of immigration or job growth increases. The projections are derived from the City's outside econometrics firm and received positive feedback at the PICA convening of regional economists and subject matter experts at the Federal Reserve of Philadelphia last February.

Mr. Kessler inquired as to the decline in interest earnings. Mr. Dubow responded that declining cash balances and moderating rates both drive down expectations compared to past earnings.

Mr. Kessler inquired as to the timing of the FIFA reimbursement. Ms. Maynard replied that the City is expecting approximately $25 million in federal funding for World Cup-related expenses and they are tabulating to request reimbursement from a Department of Homeland Security/Federal Emergency Management Agency (FEMA) grant.

Mr. Kessler asked why lower spending expectations are reasonable without recurring revenue sources for the School District and transit funding. Mr. Dubow responded that these expectations are accounted for in the Plan. Mr. Dubow added that the payment of the Pension Obligation Bond will provide further budget flexibility.

Mr. Kessler inquired as to an analysis on wages versus wage tax with the City's increased staffing levels. Mr. Dubow answered that initial costs increase but other costs are avoided, such as overtime spending for public safety.

Mr. Kessler inquired as to the cuts utilized to allocate $48 million in funding for the School District. Mr. Dubow answered that the Administration delayed borrowing for capital investments and reduced borrowing for the HOME program. Mr. Kessler asked if the City has any concepts for recurring revenue. Mr. Dubow answered that the Administration is having discussions and performing internal analysis regarding potential revenue. He added that further information will be available in the fall.

Mr. Kessler inquired as to the significant reductions in the Federal Funding Reserve. Ms. Maynard responded that the City has not seen major losses to date other than the rescinded federal grant for the Chinatown Stitch Plan.

Mr. Kessler stated that the Performance Section of the PICA Staff Report completed by Ms. Christian is extremely well done. Mr. Kessler stated that basically all of the business round tables regarding Center City rejuvenation consider homeless services the main priority. Mr. Dubow answered that one-time state funding will help support services in lieu of the proposed Hotel Tax increase during FY27 and the Administration will continue to work with the state government on recurring revenues to provide necessary services.

Mr. Kessler stated that PICA has concerns regarding the City's Operating Surplus/Deficit. Mr. Dubow responded that this is a legitimate concern. He stated that the deficits will grow smaller each year from FY27 through FY30 and will achieve a small operating surplus in FY31.

Ms. Sutch asked if the surplus will be sustainable. Mr. Dubow replied that it will be sustainable with the additional funds following the Pension Obligation Bond balloon payment in FY29.

Ms. Sutch inquired as to exit strategies if federal funds are revoked. Mr. Dubow answered that the number of beds provided in homeless shelters would be reduced, and the City would also examine current lease holdings to vacate.

Ms. Sutch asked how the City arrived at the estimates for long term costs. Mr. Dubow replied that the City meets with subject matter experts who examine costs per unit, levels of service, and perform comparisons to other jurisdictions.

Ms. Sutch asked if there is a contingency plan in place if federal funds are reduced. Mr. Dubow responded that it would depend on the service cuts and the City would go through a process in navigating these fiscal challenges.

Ms. Sutch asked if the City has a strategy in place to achieve the Government Finance Officers Association recommended reserve levels. Mr. Dubow answered that Philadelphia has made progress but has a low tax base, high poverty rate, and the only means to bolster the fund reserves is with an improved economy.

Ms. Sutch inquired as to the resiliency of the Plan if a recession were to happen. Mr. Dubow answered that the projections are already pessimistic, but the City would have to review expenditures to determine where cuts can be made.

Ms. Sutch inquired as to the costs and risks of the collective bargaining agreements. Mr. Dubow replied that the largest rising costs are for healthcare. The City has accounted for the last FOP award in the Plan and included the Labor Reserve.

Mr. Burns inquired as to the accomplishments of the City's Beverage Tax. Mr. Dubow responded that 5,400 children are currently participating in pre-kindergarten classes, 70 projects are funded through Rebuild, and twenty new community schools are the results of the Beverage Tax funds. Mr. Dubow stated that he will provide the reports further detailing the Beverage Tax accomplishments.

Mr. Kessler inquired as to the staffing impacts due to the growing utilization of Artificial Intelligence (AI). Mr. Dubow answered that the City is currently working with a steering committee to analyze the impacts of AI. He added that more information will be available during the next budget process. Ms. Sutch stated that Miami is currently utilizing AI technology to streamline the permit issuance process.

Executive Director's Report

Ms. Waxman stated that the resolutions presented to the Board for consideration today are the FY27-31 Five-Year Plan Approval, the Election of PICA Board Officers, and the PICA Board Meeting Schedule for FY27 and the FY28 Annual Meeting.

Ms. Waxman added that since the last meeting, PICA circulated the Foundations for the Five-Year Plan Report and the PICA Staff Report on the FY27-31 Five-Year Plan. Mr. Kessler commented that the Staff Report is well done, concise, and comprehensible.

Ms. Waxman continued stating PICA Staff recommend that the Board approve the City's FY27-31 Five-Year Plan. The Plan meets the criteria laid out in the PICA Act for approval. The City submitted all the required documentation and has positive fund balances each year. The Plan's assumptions for revenues and spending are reasonable and consistent. The Plan takes measures to avoid future fiscal crisis, such as ongoing efforts to achieve full funding for the Pension Fund, deposits into the Budget Stabilization Reserve, and allocated funds in the Labor Reserve in anticipation of future union contracts. Ms. Waxman stated that PICA staff evaluated the methodology and projections for each category of revenue other than taxes and every class of spending, and each were found to be reasonable and consistent.

PICA staff were greatly supported in their analysis by economics Professor Charles Swanson, who evaluated the City's tax revenue projection methods, which he deemed sound and whose own projections of the City's major taxes were substantially similar to the City's. Ms. Waxman also recognized the City Controller's Office for their review and tax projections. They found that the City's Five-Year Plan was presented in accordance with accounting guidelines and that the assumptions were suitably supported and provided a reasonable basis for the City's forecast. The Controller's tax projections were also substantially similar to the City's.

Ms. Waxman continued stating that although the Plan meets the requirements of the PICA Act, there are outstanding risks that could negatively impact the City's fiscal health, particularly as the Plan includes fund balances and reserves well below the GFOA recommended levels. Other risks include:

Economic deteriorations and other disruptions, ongoing uncertainty related to federal funding and policy, outstanding labor costs (most of the Plan is not covered by collective bargaining agreements) as well as uncertainty surrounding the costs and funding for significant initiatives and planned cessation of popular programs.

Ms. Waxman thanked Mr. Dubow, Ms. Maynard, the Administration and all staff for their responsiveness and collaboration this budget season.

Ms. Waxman continued stating that PICA staff will be releasing the Quarterly City Managers Report and Overtime Spending fact sheets for the fourth quarter of FY26 in August. PICA Staff are currently working on the FY27 research agenda and fall forum topic.

Treasurer's Report

Ms. Waxman informed the Board that staff are preparing for the FY26 annual audit, with Ms. Morgenstern leading that work with PICA's outside accounting firm.

Ms. Waxman continued stating that PICA's operating expenses were under budget this year with total spending at $1.1 million of the $1.7 million FY26 Operating budget. PICA ended the fiscal year under budget primarily due to not requiring outside consultants for expertise in policy or program analysis and vacant staff positions. PICA's operating account balance was $2 million at the end of June, sufficient to cover FY27 operating expenses.

Ms. Waxman reported that PICA remitted $780 million in PICA Tax to the City in FY26.

Public Comment

None

Resolution 2027-01 – Consideration and Approval - FY2027-2031 Five-Year Plan

Mr. Kessler made a motion to approve the resolution. Ms. Sutch seconded. The motion passed 5-0 in a roll call vote. Mr. Dubow thanked the PICA staff and the Board and committed to continuing working together.

Resolution 2027-02 – Consideration and Approval - Election of Board Officers

Mr. Vaughan invited Board members to make nominations for Board positions.

Mr. Karp nominated Mr. Kessler to serve as PICA Board Chair. Mr. Vaughan seconded the motion. In a roll call vote, the motion passed 5-0.

Mr. Vaughan nominated Ms. Sutch to serve as Vice-Chair of the Board. Mr. Burns seconded the motion. Mr. Kessler nominated Mr. Karp to serve as Vice-Chair of the Board. Mr. Karp seconded the motion. The Board approved the nomination of Ms. Sutch to serve as Vice-Chair of the Board in a roll call vote, the motion passed 3-2.

Mr. Vaughan invited nominations for Secretary/Treasurer. Mr. Burns nominated Mr. Karp. Mr. Karp seconded the motion. In a roll call vote, the motion passed 5-0.

Mr. Vaughan nominated Mr. Burns for Assistant Secretary/Treasurer. Mr. Kessler seconded the motion. The motion passed 5-0 in a roll call vote.

Resolution 2027-03 – Consideration and Approval - FY27 Board Meeting Schedule and Annual Meeting of FY28

Mr. Vaughan made a motion to approve the resolution. Ms. Sutch seconded the motion. The motion passed 5-0 in a roll call vote.

New Business

None

Mr. Kessler recognized Mr. Vaughan for his excellent service as Board Chair over the past ten years. He stated that Mr. Vaughan performed his service with integrity and commitment. The City of Philadelphia is better due to his service.

Adjournment

Ms. Kessler made a motion to adjourn. Mr. Vaughan seconded the motion.

The meeting was adjourned at 1:00 p.m.