

MINUTES OF THE REGULAR MEETING OF THE
PUBLIC PARKING AUTHORITY OF PITTSBURGH
THURSDAY, OCTOBER 28, 2010

Having been duly advertised in accordance with the Sunshine Act No. 84 of 1986, a regular meeting of the Public Parking Authority of Pittsburgh was held on October 28, 2010 at 10:24a.m., 232 Boulevard of the Allies, Pittsburgh, PA 15222-1616. The following Board members were present at the start of the meeting: Linda Judson, Natalia Rudiak, Christopher D'Addario, Michael Jasper and Scott Kunka. Present from staff were: David Onorato, Jo-Ann Williams, Christopher Speers, Chris Holt, Judi DeVito, Patricia Konesky, Shonda Goldsmith, Tom Urbano, Tom Vennero, Janet Staab, Jerry Kurzawski, Matt Jendrzewski and Bruce Murray. Also present were Jacqui Lazo and Jason Wrona of Buchanan Ingersoll & Rooney, Mayor Luke Ravenstahl, Bill Stewart of Strategic Communications, Thomas Tucker Sciulli and Michael Lamb of the City of Pittsburgh Controller's Office; Reverend Ricky Burgess, Shawn Carter, Patrick Dowd, John Fournier and Shawn Carter of Pittsburgh City Council; Bill Urbanic and Cathy Qureshi of the City of Pittsburgh, Joe Smydo of The Pittsburgh Post Gazette, Bill Vidonic of the Pittsburgh Tribune Review. Harold Hayes and D. Forshite of KDKA TV, Will Bernstein of ACCD, Walt Golden of KQV, Dan Ayer of Gatesman Marmion Drake & Daub; and Ingrid Bohme of Cohen & Grigsby.

MINUTES

Mr. Kunka asked for comments or questions. There were none.

Mr. Kunka asked for approval of the minutes from the regular meeting held on September 16, 2010.

Upon motion by Ms. Rudiak and seconded by Ms. Judson the minutes were approved as follows: Ms. Rudiak; yes, Mr. D'Addario; yes, Ms. Judson, yes; Mr. Jasper, yes; Mr. Kunka, yes.

PUBLIC COMMENT

Mr. Kunka asked for public comments.

Mayor Ravenstahl addressed the Board, stating that he believed it was important that the Board know his opinion that the resolution to be introduced by Councilwoman Rudiak at today's meeting is a bad deal for the City. He said that, without going into detail, he feels that it is irresponsible for the City and the Authority to assume new debt. Mayor Ravenstahl stated that this is something that he will not support but said that he is willing to work with the Board Members and others to find a solution to this difficult issue and realizes that the Board today is in a difficult position, the same position that City Hall finds itself in everyday. Mayor Ravenstahl said he appreciates everything that Board members do on behalf of the City. He summarized his position by stating that he does not support the resolution to be proposed and

said that he feels that not only is it a waste of time but also a waste of taxpayer dollars. He repeated that he will not support irresponsible debt.

City Controller Lamb addressed the Board and stated that what is being asked of its members through Ms. Rudiak's resolution is not to authorize a vote on the deal but simply to perform the due diligence and rightful examination of a proposal he feels to be a good idea for the Parking Authority whether the pension considerations are brought to the table or not. He said he is not asking the Board to rely on his belief, but to approve the resolution that will be presented today in order to permit a proper examination of the issues involved so a decision can be made on that basis.

RESOLUTIONS

RESOLUTION NO. 44 OF OCTOBER 2010, "A RESOLUTION RATIFYING A CONTRACT WITH L.R. KIMBALL FOR THE SURVEYING SERVICES FOR THE FORBES-MURRAY PARKING LOT, was read by Mr. Jasper and considered by the Board.

Mr. Onorato advised that this survey was authorized as part of the monetization process at a not-to-exceed amount of \$2500.00. He said a copy of the completed survey is included in the Board packet.

Mr. Kunka asked if there were any questions. There were none.

Upon motion by Mr. Jasper and seconded by Ms. Rudiak, Resolution No.44 of 2010 was approved as follows: Ms. Rudiak; yes, Mr. D'Addario; yes, Ms. Judson, yes; Mr. Jasper, yes; Mr. Kunka, yes.

RESOLUTION NO. 45 OF OCTOBER 2010, "A RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO AWARD A CONTRACT TO AGF COMPANY FOR THE PURCHASE AND SUPPLY OF ROCK SALT/SODIUM CHLORIDE AND CALCIUM CHLORIDE, was read by Mr. Jasper and considered by the Board.

Mr. Onorato advised that Board that this purchase is for supplies needed during the winter season for snow removal at the Authority garages and surface lots. He said the Authority publicly advertised the quantities of salt needed per location. He added that the bid tab sheet is attached for reference and said that, of the five companies submitting bids, AGF Company was the lowest bidder.

Mr. Onorato clarified that the resolution covers both portions of the contract, the salt purchase as well as the amount for calcium/chloride.

Mr. Kunka asked if the Authority has considered working with the City to purchase salt.

Mr. Onorato stated that we do coordinate with the City on the purchase of bulk salt, but said the purchase requested today is for the bagged salt used by employees at Authority facilities.

Mr. Kunka asked if there were any additional questions.

Upon motion by Ms. Judson and seconded by Mr. D'Addario, Resolution No. 45 of 2010 was approved as follows: Ms. Rudiak; yes, Mr. D'Addario; yes, Ms. Judson, yes; Mr. Jasper, yes; Mr. Kunka, yes.

EXECUTIVE DIRECTOR'S REPORT

Mr. Onorato updated the Board on the change in ownership of Network Parking, the firm that was awarded a contract by the Authority to operate the Third Avenue Garage. He said Ampco Parking has recently purchased Network Parking and has sent the Authority a letter of assignment asking for an agreement and signature recognizing it as the operator of the garage. He stated that our legal counsel is currently reviewing the letter and will be issuing a response.

Mr. Onorato advised the Board that the Authority's current electrical contractor, Advance Electric, notified the Authority that it could no longer honor the contract. He advised that we are recommending awarding a contract for balance of the term to Allegheny City Electric, the second lowest bidder at the original bid date. Mr. Onorato said the company has stated that it is willing to honor the prices they submitted in their original bid through the remaining year of the contract.

Mr. Onorato advised the Board that the Authority is continuing to work with the Housing Authority on the renovation of Mazza Pavilion. He said a copy of a letter regarding insurance on the site was included in the Board packet.

Ms. Rudiak asked if the completed renovation would cause any loss of parking spaces.

Mr. Onorato replied that the work being completed involves the high-rise above our garage and said we currently have the parking area closed for safety reasons. He said when the construction is complete and facility re-opens, the parking area will be left in its original form.

Mr. Onorato advised the Board that the Authority's quarterly reports are included and asked if there were any questions.

Mr. Onorato commented that the Authority's budget targets were met in almost every department even though we experienced weeks of closure due to weather conditions. He reminded the Board that there was no meter enforcement for two weeks and very limited garage activity during that period.

There were none.

OLD/NEW BUSINESS

Mr. Kunka asked if there was any old or new business.

Ms. Rudiak said she wished to introduce a resolution and asked that the Mr. Jasper read the resolution in its entirety.

Upon motion by Ms. Rudiak and seconded by Mr. Jasper, the Resolution was introduced.

A Resolution authorizing the Executive Director of the Public Parking Authority of Pittsburgh to seek an independent financial analysis of the proposed sale of City Parking Facilities to the PPAP and prepare supporting resolutions. Mr. Jasper read aloud the resolution in its entirety

Mr. Kunka asked if there was any discussion.

Ms. Rudiak thanked all Board Members for enduring pretty heavy debate over the last weeks and months regarding the future of the City's pension status. She stated that she knows the time and pressure involved can be overwhelming.

Ms. Rudiak stated that at this point she wanted to switch gears and stop talking about pensions, Act 44, the Mayor's Office or City Council to focus solely on the mission and the future of the Pittsburgh Parking Authority. She said she believes that what the Board is being asked to consider is a capital acquisition that will transform the Pittsburgh Parking Authority, explaining that the City has graciously offered to sell its sole Downtown parking garage, several of its off-street lots and the entire parking meter system. Ms. Rudiak stated that as a member of the Board, she has a fiduciary responsibility to make sure that the Board does its due diligence to determine if this is a good deal for the Parking Authority, adding that she believes that the proposal being offered is a good one for the Parking Authority. She said it offers an opportunity to reform the Authority, to expand its capital portfolio, substantially increase its cash flow and to make real strides in its capital improvements and modernization progress. Ms. Rudiak praised the opportunity further by noting that it will help make sense out of a disjointed parking system in the City with some parking units owned by one portion of government and other portions owned by others. She said there are many questions about how this plan works but said that in her opinion, the plan does work and if adopted, will be a watershed moment in the history of the Pittsburgh Parking Authority. Ms. Rudiak stated that the Board would need an independent analysis to determine if the plan is indeed good, and said she is asking that the Board set aside the opinions of the Mayor's consultants and City Council's consultants and act responsibly to determine the best options for the Pittsburgh Parking Authority. Ms. Rudiak said the resolution simply asks the Board to be independent and remove itself from all the political noise and the heavy City government debate to make its own independent decision. She said it lets the Parking Authority hire its own Bond Counsel and Financial Analyst and get our own independent appraisal of what our potential future assets are worth so that we can make the best decision, not for the Mayor, not for City Council but for the Pittsburgh Parking Authority. Ms. Rudiak stated that this point needed repeating. She believes that a no vote was a vote against getting

the facts, doing an appropriate level of due diligence and a vote against fiduciary responsibility. Ms. Rudiak stated that there is an extraordinary opportunity before the Board and said she thinks that the most critical thing to be done at this point is to at least get an independent analysis. She stated that there will be a big responsibility ahead that will have a huge impact on the Authority's future and said that as much data as possible will be needed to make this decision. Ms. Rudiak said she is asking that the Board support this resolution today, so that they can make the right decision for the future of the Pittsburgh Parking Authority.

Mr. Kunka asked if there were any comments.

Ms. Judson responded that she does believe that there needs to be an analysis but, as an attorney, she said she needs to think about what it is that Ms. Rudiak wants consultants to analyze, discuss and consider and then decide whether this is the appropriate forum to do it. Ms. Judson stated that she understands that we are the Parking Authority but said she has issues with bringing this resolution before this Board because of whether it is the proper forum to consider it. Ms. Judson said she did not dispute what Ms. Rudiak is saying and agreed that the more information obtained on the proposals and plans is better for everyone, but she repeated that this is probably not the appropriate forum for this resolution. She stated that perhaps a better forum would be going back up to Grant Street and putting it before City Council, but said as Vice Chairman and having been on the Authority Board since 2006, she cannot agree that this is the appropriate venue for authorizing the action proposed.

Mr. Jasper stated that his reason for wanting to see an independent analysis is simply because it is independent. He stated that the Board has heard conflicting views that this is both a good deal and not a good deal, and he stated that his fiduciary responsibility as a Board member persuades him to have an independent analysis completed. He said this analysis may prove that the plan is not the right thing, but it needs to come from the Board because he does not want to vote or have something decided without the Authority's own analysis. Mr. Jasper stated that his concern was because City Council has refused one proposal on its face and has not had any type of independent analysis done on its recommendation so he said that one therefore should come from the Board before it can vote responsibility on the issue.

Mr. D'Addario stated that the Board is being asked to purchase assets in order to help boost an underfunded pension and said that he has personally attended as many meetings and public hearings on this subject as possible in order to better understand the issue. He noted that as difficult as this process has been and knowing that emotions are running high, the matter is now in front of the Board. Mr. D'Addario said he has listened very carefully to the legal opinion of our solicitor and the financial analysis of Mr. Kunka, and said that as a small business owner, one rule that he has learned to live by is that debt can be dangerous. He stated that fiscal responsibility is absolutely paramount and if debt is incurred it needs to be for a very specific, relevant and clearly understood purpose. He added that he shares a fiduciary responsibility with the other Board members and will focus only on the vitality of the Pittsburgh Parking Authority. Mr. D'Addario stated that he is no politician and has no right to be involved in any other discussion other than what is best for the Parking Authority, he noted that the Parking Authority is now carrying approximately \$104 million in debt and at some point will need

significant capital improvement to keep its structures safe to serve the public. Mr. D'Addario stated his opinion that any debt incurred that does not specifically aim at increasing parking or improving the quality of our assets is a step in the wrong direction.

Mr. Kunka addressed the Board members, stating that his responsibility is to the Authority itself. He said the resolution passed by City Council essentially directs the Authority to be financially and operationally irresponsible and said that as Chairman of the Board, he was never approached regarding this debt scheme and said he believes that no Board members or Authority employees were given the opportunity to review or comment on any of the aspect of the plan. Mr. Kunka said it's clear that this scheme would never be on the Authority's radar screen had it not been hatched following the reasonable monetization that Council declined to support. He advised that he has over 25 years of municipal finance experience and said he feels this is one of the worst examples of reckless borrowing that he has ever seen. Mr. Kunka stated that this is an irresponsible issuance of debt to the Authority and nearly quadruples the Authority's debt by increasing it by 370 percent. He projected that, if not actually bankrupting the Authority, the proposal will severely handicap the Authority for decades to come. Mr. Kunka stated that it is beyond him as to why the Authority would borrow \$272 million dollars, as that is the number stated in the plan, for City assets that the Authority already controls and has the revenue rights to. He said it leaves no reserves or any ability to raise funds to do the necessary capital maintenance and reconstruction that will be required, particularly at the three or four oldest garage facilities. Mr. Kunka said that, in addition, the Authority would have to charge sky-rocketing rates with no benefit to the customers and it would fall to the Authority Board members here to raise those rates, not City Council. He added that the Council resolution also has many onerous conditions attached to it that are designed to strip the Authority of its independence and its ability to fulfill its mission. Mr. Kunka stated that expert after expert told the Authority, the City and City Council that the monetization plan was a fair and reasonable solution to the pension problem. He said the Authority does not need to pay for another study and expressed his view that this is clearly an improper forum for this resolution. He stated that he cannot support it and he urged his fellow Board members not to support it.

Mr. Kunka asked for roll-call.

Ms. Rudiak asked if there could be further discussion before the roll-call for votes.

Mr. Kunka agreed.

Ms. Rudiak stated that she wanted to be clear that she is hearing that this is not necessarily the best forum for an independent analysis and stated that Ms. Judson said that perhaps City Council could contract for that analysis. She repeated that all the resolution requests is the approval to get an independent analysis so that the Board can make a correct decision on its possible implementation. Ms. Rudiak said she is sure that City Council would pass legislation to get a full-fledged analysis of this plan but stated that City Council remains committed to working closely with the Authority on this issue.

Ms. Judson responded that she does not think this is the appropriate forum because it is not a plan that the Authority prepared and the resolution fails to account for the payment source of yet another study. She asked if there is money at City Council to fund it. Ms. Judson stated

that these are expensive studies because we bring in the best firms we can find to look not just at the numbers, but at parking issues as well. She said she does not see where the money is coming from and if Council wants to get another study or analysis it shouldn't ask the Authority to approve it or pay for it. Ms. Judson advised Ms. Rudiak that Council should hire the appropriate individuals and conduct its own fact-finding mission. She said that if Council chose to proceed in that direction, she would respectfully request that Board members be given the opportunity to meet with the firm or firms selected to have any questions or concerns addressed. She said she felt that that would be appropriate outcome of today's discussion, not to ask this Board and the Authority to commission or pay for an independent study.

Ms. Rudiak clarified that the resolution doesn't call for the study to be completed, but asks for an RFP to be issued. She said she felt it needed to be clear that there is a difference and said she is not asking the Authority to embark on any actual study until the Board is completely comfortable with that process. Ms. Rudiak stated that, as far as the administrative costs for the City, tens of thousands of dollars have been spent as part of the monetization process but there is no consensus among the public and City Council that the long-term lease of parking assets is not the appropriate route. She said that this is simply a resolution that permits the Parking Authority be able to take another approach just as it did with the monetization proposal. She said that this is the first small step of what could be potentially larger steps in getting an independent analysis. Ms. Rudiak stated that she imagined that even if City Council is able to get an analysis completed she doesn't see that it would be seen as being sufficiently independent by the Mayor's office or the PPAP Board. Ms. Rudiak said the resolution is solely about the issues only the Parking Authority chooses to explore and covers only the solicitation of bids.

Ms. Judson again stated that the decision, even just to issue the RFP, needs to be made by City Council and not by the Authority. She said, regarding the objectivity of the analysis, she believes that if there is an inclusiveness, even going so far as to assisting and identifying the experts and certainly to be given the opportunity to put forth questions and concerns, it will be hard for any party to argue that it has not been included in the process.

Mr. Kunka stated that City Council had the monetization study and chose to ignore it, so he is not certain what another study would accomplish.

Mr. Jasper stated that his concern is that if the study is from City Council, he worries about the Parking Authority Board's inability to control the process.

Mr. Kunka asked for roll call.

Upon motion by Ms. Rudiak and seconded by Mr. Jasper the Resolution presented by Ms. Rudiak was not approved as follows: Ms. Rudiak, yes; Mr. D'Addario, no; Ms. Judson, no; Mr. Jasper, yes; Mr. Kunka, no. The motion failed.

Mr. Kunka asked if there was any additional new or old business.

There were none.

The next Board meeting is scheduled for Thursday November 18, 2010, 2010 at 10:00 a.m.

Upon motion by Ms. Judson and seconded by Mr. Jasper the meeting was adjourned at 10:57 a.m.

APPROVED TO CONTENT



Chairman

ACCEPTED FOR FILING IN THE AUTHORITY'S BOOK OF MINUTES



Approval