



CITY OF PITTSBURGH

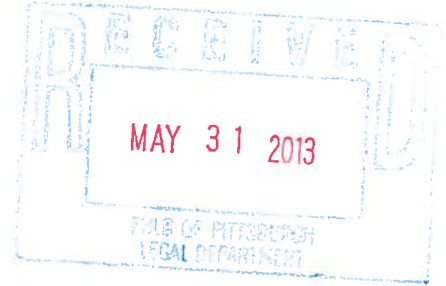
Department of Finance

Luke Ravenstahl, Mayor

Scott Kunka, Director

May 29, 2013

Dana Yealy
ICA Chairperson
c/o Federal Home Loan Bank of Pittsburgh
601 Grant Street
Pittsburgh, PA 15219



Dear Dana,

This letter is in response to your memorandum of May 2, 2013 in which you ask the City to submit revised budget and 5 year plan information addressing the non-profit community contribution, potential litigation, and public safety cameras.

The current five year plan is balanced, has operating surpluses in every year, contributes \$20 million to a pay-as-you-go capital budget, and contributes \$25 million to the pension above the legally required payment. To address your specific concerns:

- The five year plan also includes an annual amount of \$3.2 million from the nonprofit community. Discussions with the Pittsburgh Public Service Fund as recently as mid-May have confirmed that this is a reasonable budget number and is expected to continue. As you may also know, the Pittsburgh Public Service Fund is not the sole contributor of nonprofit payments to the City of Pittsburgh.
- As far as potential litigation, please be aware that the City budgets resources to legally and responsibly pursue such issues. It is not financially prudent to disclose specific budgets for specific cases.
- The public safety cameras that you reference are a capital line item and City Council has amended the 2013 Capital Budget to purchase them. This does not impact the 5 year plan.

The issues that you mention do not pose a threat to the budget and five year plan. Pittsburgh has a strong economy, and expected budgetary surpluses in Payroll Preparation and Earned Income taxes would offset any hypothetical deficiency in the areas that you have highlighted. Please refer to the quarterly reports for the evidence of the strength of these income related taxes to confirm that the City's budget will remain in balance.

The only threat of an imbalanced budget is due to the ICA withholding the City's Gaming revenue. The ICA is currently holding \$7.2 Million of Gaming revenue as well as an unknown amount of interest money that has not been disclosed or paid for four years.

The City is absolutely in compliance with the agreed upon City/ICA ERP purchasing and implementation schedule as fully discussed at a public meeting in March. Instructing the City to purchase products and services inconsistent with that plan, and with a suggested vendor and price, harms the City's operations and the ability to negotiate a favorable contract.

I look forward to meeting with you and any interested ICA Board member to discuss your and our concerns in greater detail. A thorough review of the City's budget, an informed discussion of the City's ERP plan, and a candid discussion of the ICA's use of and plans for the City's Gaming revenue money will position us all to move forward in a responsible manner.

Sincerely,



Scott Kunka
Director of Finance

Cc: Mayor Luke Ravenstahl
Controller Michael Lamb
Yarone Zober
Henry Sciortino
ICA Board Members
Act 47 Coordinators

Attachment

Pittsburgh Gaming Revenue

Quarter	ICA Receipt Date	Amount	City of Pittsburgh Receipt Date	Amount Received by City of Pittsburgh	Notes
3Q2009	10/19/2009	\$ 635,129	12/29/2009	\$ 635,129	
4Q2009	1/19/2010	\$ 3,337,471	5/3/2011	\$ 13,337,471	
1Q2010	4/16/2010	\$ 1,134,605	5/3/2011		
2Q2010	7/14/2010	\$ 1,199,544	5/3/2011		
3Q2010	10/12/2010	\$ 1,288,672	5/3/2011		
4Q2010	1/26/2011	\$ 6,377,179	5/3/2011		
1Q2011	4/11/2011	\$ 1,344,146	5/3/2011		\$ 1,344,146
2Q2011	7/27/2011	\$ 1,402,380	10/1/2011	\$ 1,402,380	
3Q2011	10/26/2011	\$ 1,421,581	10/5/2012	\$ 7,455,000	Checks NSF; Wired funds, short \$397
4Q2011	1/26/2012	\$ 5,831,893	10/5/2012		
1Q2012	4/26/2012	\$ 1,477,939	10/5/2012		
2Q2012	7/26/2012	\$ 1,423,984	10/5/2012	\$ 2,700,000	
3Q2012	10/25/2012	\$ 1,393,406	12/28/2012	\$ 1,393,405	
4Q2012	1/24/2013	\$ 5,704,671			
1Q2013	4/26/2013	\$ 1,489,777			
Total To Date		\$ 35,462,377		\$ 28,267,532	
Outstanding	\$ 7,194,846				