

**STATEMENT OF THE INTERGOVERNMENTAL COOPERATION AUTHORITY
FOR CITIES OF THE SECOND CLASS (THE "ICA") TO THE CITY COUNCIL
OF THE CITY OF PITTSBURGH (THE "CITY").**

March 3, 2011

Since 2008, based on the SMART Study which was initiated by Act 47 and the City and the GFOA study, which was initiated by the ICA at the request of the City, the ICA has encouraged the City to work with Allegheny County (the "County") to develop an enterprise resource planning system (an "ERP System") that would provide state-of-the-art accounting and management systems that would facilitate fiscal stability and effective management of the City's financial resources and provide transparency to its fiscal operations. Because of its importance to the City's ultimate achievement of demonstrable fiscal stability, the ICA conditioned its approval of the City's Budget and Five Year Plan (the "Budget") under Act 11 upon the City's identifying and acquiring an ERP System that would strengthen the internal controls of the City and conform its financial and management processes to best practices. That condition remains in effect today. Third party consultants were engaged to assist the City in understanding its fiscal risk and deficiencies and make recommendations for improvements. In working group sessions over the last several years comprised of City and County representatives (the "Working Group"), it was concluded by consensus that the City would join the County ERP System, and their agreement to do so is reflected in a proposed Intergovernmental Cooperation Agreement between the City and the County (the "IGC Agreement"). In furtherance of this initiative, the City and County negotiated an agreement with DLT Solutions (the "DLT Agreement") to design and implement an ERP System to serve the fiscal and management needs of the City and the County.

The Working Group and its individual constituents have worked for several years toward a definitive IGC Agreement. The Mayor's office, the City and County Controllers, the City Director of Finance, and the County Executive's office all contributed the critical support needed to achieve consensus regarding implementation of the IGC Agreement..

Notwithstanding the foregoing, the City has determined to not go forward with the proposed IGC Agreement or the DLT Agreement over the expressed concerns of the ICA and the Act 47 Coordinator. The Act 47 coordinator has reviewed the City's alternative plan involving the Pittsburgh Water and Sewer Authority and advised the City of its significant concerns at the prospects of "starting over".

It is also important to note that while the design, acquisition and implementation of an ERP System was not contingent upon State funding, State funding is the preferred source of revenue to acquire any ERP System. To date, the City has not received such anticipated funding. Similarly, acquisition of an ERP System was not contingent upon ICA allocation of gaming revenue for that purpose. The ICA continues to encourage the City to implement the ERP System contemplated by the IGC Agreement and remains committed to supporting the City's acquisition of an ERP System that is comprehensive and transparent.