

Partnership with PLGIT

by John Molloy, PLGIT Program Manager



a closer look at how PLGIT can help your municipality

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Local government officials are responsible for the financial health of their municipalities, and they take that job seriously. There's a lot to know: managing cash flow, planning for ongoing expenditures (like payroll) and one-time projects (like major infrastructure repair), understanding investment options, and earning solid yields — all while maintaining an overarching focus of seeking safety for public funds.

The Pennsylvania Local Government Investment Trust (“PLGIT” or “the Trust”) was formed 40 years ago expressly to help local governments manage those difficult tasks. Over the years, we have designed investment options exclusively to help achieve the goals of these specific investors. In this article, we’ll describe PLGIT’s investment options and how they can aid in a local governments’ successful financial planning.

A Declaration of Trust

PLGIT operates under a Declaration of Trust (Declaration) that was adopted in 1981 and amended over time. The Declaration states that PLGIT’s primary purpose will be to offer Pennsylvania’s entities a way to pool temporary cash reserves to gain “greater advantage under the daily supervision of professional investment advisers.” Moreover, the Declaration limits participation in the Trust to “municipal entities of the Commonwealth of Pennsylvania.”

Unlike institutions with multiple customers and varied investment goals, PLGIT’s had a singular focus on investing solely for member governments from the beginning.

In addition, the Declaration created a structure that clearly and unmistakably gives control of the Trust to local government officials.

With this Declaration as its bedrock, PLGIT has created a mix of products and services to help optimize local governments' returns while maintaining a focus on key goals like preserving safety and liquidity.

PLGIT Options – Products with a Purpose

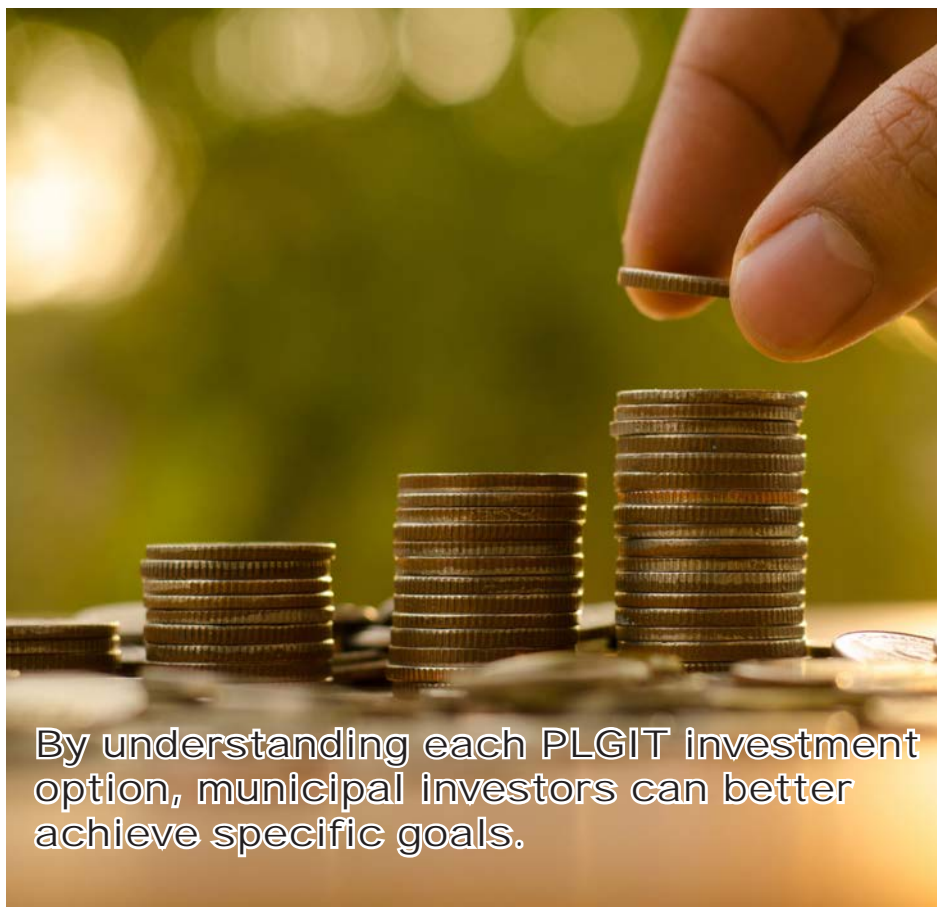
By understanding each PLGIT investment option, municipal investors can better achieve specific goals. Here are details on several key investment options, and how investors may consider using them:

PLGIT/PRIMESM portfolio is the newest investment option available to municipal investors. Created in May 2016 in response to the expansion and modernization of permitted investments through Act 10 of 2016, the PLGIT/PRIME portfolio includes commercial paper and negotiable certificates of deposit (CDs) as permitted investments.

The benefit: it enables municipal investors to take advantage of typically higher-yielding fixed income securities that the PLGIT/PRIME portfolio can invest in through its expanded permitted investments.

As of December 31, 2021, PLGIT/PRIME offers a higher yield¹ than any of the other liquid PLGIT options and is a distinct investment portfolio, rated AAAM by Standard & Poor's. Investment requires no minimum balance and no minimum initial investment, however this option limits redemptions or exchanges to two per calendar month, so it's more appropriate as a short-term, savings-like option for idle funds.

The PLGIT portfolio consists of two classes of shares that each stress



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safety of principal as their primary objective — a fact underscored by the portfolio's AAAM rating from Standard & Poor's:

- PLGIT-Class SharesSM offer daily liquidity, no minimum balance requirements and unlimited checking with no out-of-pocket fees or service charges. Because of these features, municipal investors tend to use PLGIT-Class Shares like a standard checking account. However, investors keeping more funds than necessary in a PLGIT-Class account may want to consider investment options like PLGIT/PRIME, where those funds have the potential to earn higher yields.

- PLGIT/Reserve-Class SharesSM is a liquid investment that enables PLGIT to trim transaction costs while providing an opportunity for investors to increase their earnings over an investment in PLGIT-Class. Investors must make an initial PLGIT/

Reserve-Class Shares purchase of \$50,000 or more. PLGIT/Reserve-Class Shares carry no waiting period prior to redemption, but redemptions are limited to two per month. These features make PLGIT/Reserve-Class Shares an attractive option for funds like short-term reserves. Again, investors may want to weigh this option against PLGIT/PRIME, which offers the potential for a higher yield.

PLGIT/TERMSM is a competitive fixed-rate product – your rate is locked in for the entire term of the investment and maturity dates range from 60 days to one year. PLGIT/TERM requires a minimum initial investment of \$100,000, a minimum investment period of sixty (60) days, and has a premature withdrawal penalty. Investors typically consider PLGIT/TERM for funds needed at a specific time or for a specific purpose.

For example, if a municipal investor

knows it needs to make a payment for salt, fuel, insurance premium, or debt service payment on a specific date, it can invest those funds in PLGIT/TERM to mature on that date. That enables a local government to earn a potentially higher yield than with savings-like accounts, like PLGIT-Class.

PLGIT-CDSM Purchase Program enables PLGIT investors to purchase FDIC-insured CDs. Individual CDs may be purchased in amounts such that the principal and interest will not exceed insured limits.

Minimum investments for CDs is around \$100,000, and the maximum CD purchase would be in an amount such that the total value of the CD including interest would not exceed \$250,000.

With the PLGIT-CD Purchase Program, municipalities can gain access to a range of competitive fixed-rate CDs, with flexible terms, from banks across the nation that may have higher yields than some Federal Agency discount notes.

Investments in the PLGIT-CD Purchase Program are direct investments of the Investor, not assets of the Trust or under control of the Board of Trustees and are governed solely by the terms of any agreement between the PLGIT-CD Purchas Program participant and PLGIT's investment adviser.

For details, visit www.PLGIT.com, or call for a specific quote.

PLGIT/ARMSM is a specialized investment program that offers a convenient method for pooling proceeds from tax-exempt bond issues for temporary investment through PLGIT's investment line up. PLGIT/ARM is designed to assist investors with the investment of bond proceeds, while maintaining compliance with the

arbitrage requirements of the Internal Revenue Code.

PLGIT Services – Saving You Time and Money

PLGIT P-Cards

The PLGIT purchasing card – or P-Card -- program was designed specifically for the local governments of Pennsylvania. By handing cards directly to certain employees making the purchases, local government officials can eliminate the often-tedious requisitioning, purchasing and invoicing process for minor purchases.

P-Card programs offer municipalities greater flexibility to purchase critical resources for the sake of convenience as well as in cases of urgency.

PLGIT's P-Card Program offers several advantages that most competing cards do not:

Rebates. Some card programs offer rebates to governments, but often with high rebate thresholds to begin earning rebates. The PLGIT P-Card offers a competitive rebate schedule based on individual annual spending of \$50,000 or more.

Service and versatility. While some institutions charge customers for 24-hour online access to their account balances, the PLGIT P-Card program offers the service for no additional charge. The PLGIT P-Card program also offers substantial versatility in that it allows managers to monitor and review activity of all card holders, upload information to individual accounting programs, add or remove approved vendors, adjust spending limits and more.

Security measures. The PLGIT P-Card system offers two layers of security. First, municipal managers can keep close tabs on employee spending

via online access to all cards or just to a specific department. Second, because no P-Card program is fool-proof, the Program offers unlimited fraud coverage in the event the card is lost or stolen, and up to \$100,000 of insurance per incident against misuse, through BMO Harris Bank N.A., the card issuer for the PLGIT P-Card program.

Easy Online Network (EON)

PLGIT's EON is a web-based, password-protected account interface that enables local governments to perform tasks quickly and efficiently, including:

- Querying and downloading transactions filtered by type of transaction;
- Downloading electronic statements in PDF format;
- Initiating transactions and viewing pending transactions;
- Detailed reporting;
- Wire transfers;
- Streamlining the acceptance of funds from various sources, including the receipt of grant money, subsidies, or liquid fuels funds;
- And much more!

Having the ability to access and customize financial information in real time -- from any location -- gives local governments an important tool in making money management more efficient.

This is just a sample of the products and services offered by PLGIT. For more details, or to ask about your specific authority, contact PLGIT today. We will be happy to help you with your review and help you chart a course for your particular situation.

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**Standard & Poor's fund ratings are based on analysis of credit quality, market price exposure, and management. According to Standard & Poor's rating criteria, the AAAM rating signifies excellent safety of investment principal and a superior capacity to maintain a \$1.00 per share net asset value. However, it should be understood that the rating is not a "market" rating nor a recommendation to buy, hold or sell securities. For a full description on rating methodology, visit Standard & Poor's website (Standard & Poor's).*

This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell

any fund or other security. Investors should consider the investment objectives, risks, charges and expenses before investing in any of the Trust's portfolios.

This and other information about the Trust's portfolios is available in the current Information Statement, which should be read carefully before investing. A copy of the Information Statement may be obtained by calling 1-800-572-1472 or is available on the Trust's website at www.plgit.com. While the PLGIT and PLGIT/PRIME portfolios seek to maintain a stable net asset value of \$1.00 per share and the PLGIT/TERM portfolio seeks to achieve a net asset value of \$1.00 per share at its stated maturity, it is possible to lose money investing in the Trust.

An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or

any other government agency. Shares of the Trust's portfolios are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA) (www.finra.org) and Securities Investor Protection Corporation (SIPC) (www.sipc.org). PFM Fund Distributors, Inc. is an affiliate of PFM Asset Management LLC.

