



March 15, 2017

Act 10 of 2016 – Expansion of Permitted Investments for All Public Entities in Pennsylvania And How It Impacts PLGIT Investors

New Permitted Investments for All Local Governments, School Districts and Municipal Authorities

Act 10 of 2016 was signed into law on March 25, 2016 and expands the list of permitted investments for all local governments, school districts, and municipal authorities in Pennsylvania. The new permitted investments include commercial paper, bankers' acceptances, and negotiable certificates of deposit.

Prior to passage of Act 10, Pennsylvania statutes restricted the investments available to most local governments and schools. Those permitted investments were historically lower-yielding, fixed-income options, such as short-term Federal Agency obligations and United States Treasury obligations. In recent years, these limitations meant local governments and schools were investing in instruments that carried interest rates near zero percent.

While U.S. Treasury and Federal Agency securities continue to be permitted, under the new law, Pennsylvania has joined the ranks of most other states that already permit municipalities and schools to invest in negotiable certificates of deposit, commercial paper and other instruments. At the same time, Act 10 of 2016 mandates significant risk-limiting requirements. This group of investments is consistent with the best practices prescribed for local governments by the Government Finance Officers Association (GFOA), a leading national organization (www.gfoa.org).

All Local Governments and Schools Can Benefit from Act 10 of 2016

Act 10 of 2016 offers municipal and school investors a greater range of investment vehicles that offer a number of benefits, including:

- increasing opportunity for diversification of investment portfolios,
- providing alternatives to the diminishing supply of Federal Agency securities, which have been a traditional investments for local government,
- creating uniformity among the investment options available to local governments, and
- adding the potential for more competitive yields.

Importantly, Act 10 of 2016 does not eliminate the investment vehicles you have been accustomed to using – it simply gives you more options and choices. The new law provides the opportunity to use these investment options, but in no way requires their use. The new law creates a common set of permitted investments for all local governments and schools.

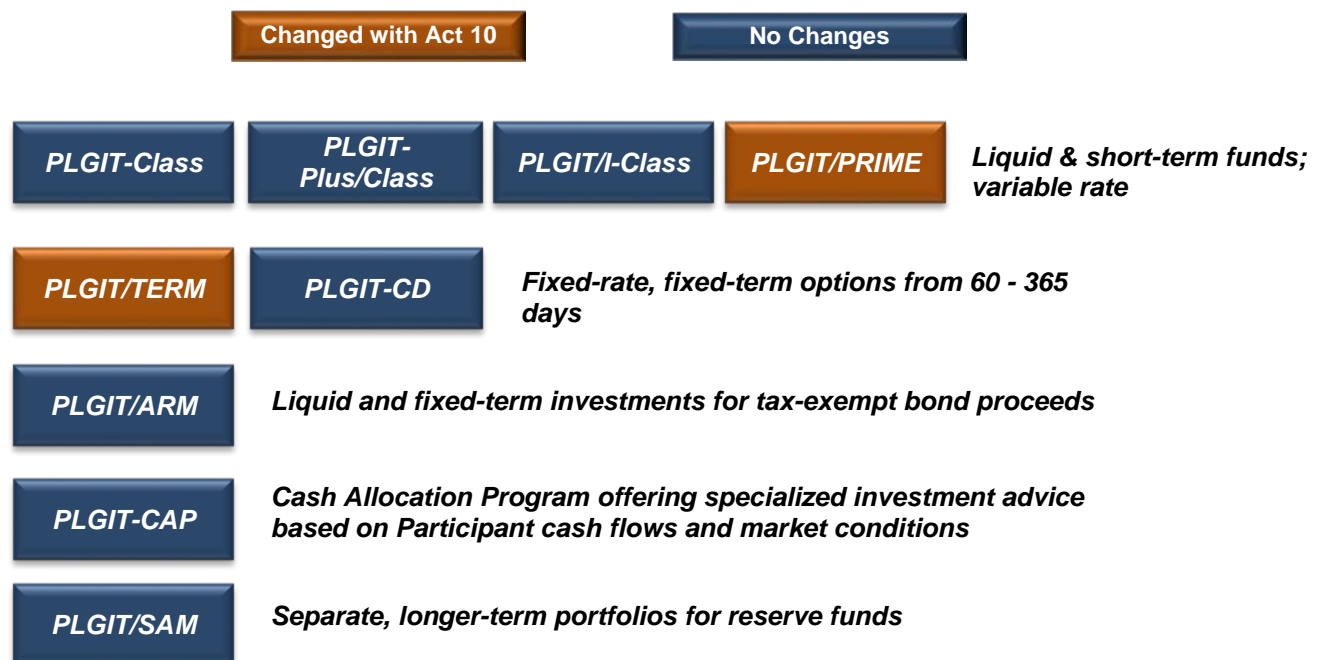
PLGIT Stands Ready with Enhanced Liquid and Fixed Rate Investment Options

PLGIT was created in 1981 to provide investments exclusively to municipal and school investors in the Commonwealth and it is owned and operated by its Investors. PLGIT has long been on the forefront of developing attractive and useful investment and cash management services for local governments. On the law's effective date of May 24, 2016, PLGIT made new investment instruments available for its over 2,950 (as of December 31, 2016) municipal, school and authority investors and for other local governments across the state. PLGIT is sponsored by seven state-wide associations that represent the PLGIT Investors. The seven sponsoring associations are:

- County Commissioners Association of Pennsylvania
- Pennsylvania Municipal Authorities Association
- The Pennsylvania Municipal League
- Pennsylvania State Association of Boroughs
- Pennsylvania State Association of School Administrators
- Pennsylvania State Association of Township Commissioners
- Pennsylvania State Association of Township Supervisors

Most of the PLGIT investment options you have been familiar with and have invested in for years have not changed. In fact, if you prefer to not invest in any of the newly permitted securities, you don't have to do anything. On the other hand, if you would like to invest in the new PLGIT options described below, your municipality or school district will need to complete some account paperwork.

Current PLGIT Investment Line-up Liquid and Fixed-Rate Investment Options



What's New?

- The **PLGIT/PRIME** Portfolio is now available to all PLGIT Investors and its investment policy has been expanded to include the newly permitted investment options!
- **PLGIT/TERM** is also offering the new permitted investments. Investments in any PLGIT/TERM Series now take advantage of the new permitted investments and offer the opportunity for enhanced yields.
- PLGIT's investment advisor and administrator, PFM Asset Management LLC, has extensive experience investing in the high quality prime securities now permitted by Act 10.

What Has Not Changed?

- **There were no changes made to PLGIT Class, PLGIT/PLUS-Class or PLGIT/I-Class.** All current cash management services offered through the PLGIT portfolio will continue to be available.
- The PLGIT CD Purchase Program has not changed.
- For Bond Proceeds, there have been no changes to the PLGIT/ARM Pool. For Investors who invest in a PLGIT/ARM individual portfolio, PLGIT can assist with reviewing your bond documents to determine if current language permits investment in new investment vehicles.
- Participants in the PLGIT/SAM Program will need to update their investment policies to reflect new permitted investments. PLGIT can assist with providing sample language.
- The PLGIT-CAP Program ("CAP") investment recommendations can be updated to include the new investment options if desired by the CAP Participant.

The PLGIT/PRIME Portfolio

The PLGIT/PRIME Portfolio offers a variable rate investment option that combines a competitive yield with the ease of web-based investing. The PLGIT/PRIME Portfolio (the "Portfolio") seeks to maintain a \$1.00 per share net asset value ("NAV") and includes investments in prime money market instruments such as commercial paper, negotiable certificates of deposit, and bankers' acceptances. See Appendix A for more details on the Portfolio's principal investment strategies.

Portfolio Parameters

The Portfolio is designed to maintain a dollar-weighted average maturity of no more than 60 days and a dollar-weighted average life (final maturity, adjusted for demand features but not interest rate adjustments) of no more than 120 days. In addition, it only buys investments that have either a final or effective maturity (or, for repurchase agreements, a remaining term) of 397 days or less.

The Portfolio also seeks to maintain a AAAM¹ rating by Standard & Poor's, and has the following portfolio parameters for investments and transactions:

Portfolio Parameters	Investments and Transactions
Initial Deposit	No minimum
Additional Deposits	No minimum
Withdrawals	Limited to two per calendar month; no limit on amount withdrawn; no advance notice of withdrawals required
Investment period	One-day minimum
Interest Earnings	Calculated daily, paid monthly
Transactions	Investors perform transactions online at www.plgit.com or over the phone. Funds can be transferred via wire or ACH to or from a PLGIT/PRIME account. Direct deposit of subsidies and direct payments of federal/state tax payments available through PLGIT/PRIME.

What are the Benefits of PLGIT/PRIME?

- Enhanced yield – Commercial Paper, negotiable certificates of deposit and bankers' acceptances typically offer a yield advantage compared to other permitted investment vehicles
- Diversification – An investment in PLGIT/PRIME, coupled with your entity's overall cash and investment portfolio, provides another layer of diversification
- Highly liquid – No minimum deposit or balance required
- Convenience – Web purchases and redemptions can be initiated 24 hours a day
- Flexibility – Wire and ACH capability; no waiting period or advance notice prior to redemption
- Cash Management Services – As part of the PLGIT programs, PLGIT/PRIME Investors gain access to the full array of cash management services via transfers to PLGIT-Class Shares.

¹ Please see page 9 for important disclosures.

The PLGIT/TERM Portfolio

PLGIT/TERM offers a fixed rate, fixed term investment option that allows Investors to lock in a competitive yield for maturity dates between 60 days and 1 year.

PLGIT/TERM Series allows for investments in the new investment types, such as commercial paper and negotiable certificates of deposit, along with its traditional investments. See Appendix B for more information about the PLGIT/TERM Portfolio's principal investment strategies.

Portfolio Parameters

Portfolio Parameters	Investments and Transactions
Initial Deposit	\$100,000 minimum investment
Additional Deposits	\$100,000 subsequent investment
Minimum Term	60 days. Premature withdrawal may result in a penalty
Maximum Term	1 year
Interest Earnings	Paid at maturity
Transactions	Investors may make investments in a PLGIT/TERM Series by authorizing the investment advisor to invest funds in the Investor's PLGIT/TERM account or by reinvesting a matured PLGIT/TERM investment. Funds can be transferred directly from your PLGIT or PLGIT/PRIME account to purchase PLGIT/TERM.

What are the Benefits of PLGIT/TERM?

- Enhanced yield – Commercial Paper, negotiable certificates of deposit and bankers' acceptances typically offer a yield advantage compared to other permitted investment vehicles
- Diversification – An investment in PLGIT/TERM, coupled with your entity's overall cash and investment portfolio, provides another layer of diversification
- Flexibility – Customized maturity dates ranging from 60 days to 1 year

What Do I Need to Do to Take Advantage of the New Permitted Investments?

PLGIT recommends reviewing permitted investments language outlined in your investment policy. PLGIT can provide sample language should you need to update your policy.

How Do I Enroll in the New PLGIT/PRIME and/or PLGIT/TERM?

- Review PLGIT Information Statement.
- If you are registered for PLGIT online access, simply complete the PLGIT “Account Application” to add a PLGIT/PRIME and/or PLGIT/TERM account to an existing PLGIT account.
- If you would like to open a new account, please complete the PLGIT “Account Application” and “Permissions” form.
- If you are not registered for online access, please complete the PLGIT “Contact Record” form.

For more Information

For questions about Act 10 of 2016 or to learn more about PLGIT’s enhanced investment options, please contact PLGIT at 1-800-572-1472.

PLGIT is sponsored by:



PLGIT

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Appendix A: The PLGIT/PRIME Portfolio

The PLGIT/PRIME Portfolio offers a variable rate investment option that combines a competitive yield with the ease of web-based investing.

Investment Objective

To earn the highest income consistent with preserving principal and maintaining liquidity, and to maintain a stable \$1.00 net asset value (“NAV”). The PLGIT/PRIME Portfolio (the "Portfolio") may include investments in prime money market instruments such as commercial paper, negotiable certificates of deposit, and bankers’ acceptances.

Principal Investment Strategies

The Portfolio invests exclusively in the following high-quality money market instruments:

- U.S. Government and Federal agency obligations
- Bank deposits or accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA) or are covered by approved collateral
- Obligations of the Commonwealth of Pennsylvania or of any of its agencies, instrumentalities, or political subdivisions; these obligations must either be backed by the full faith and credit of their issuer or must otherwise be legally authorized investments for Pennsylvania municipal entities
- Shares of money market mutual funds whose investment criteria are at least as restrictive as the Portfolio’s
- Repurchase agreements involving U.S. Government and agency obligations, participations or other instruments of, or guaranteed by the United States or any Federal agency, instrumentality or United States government-sponsored enterprise
- Commercial Paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days if the issuing corporation or business entity is rated in the top short term category by at least two nationally recognized statistical ratings organization (“NRSRO”)
- Negotiable Certificates of Deposit or other evidences of deposit* issued by a nationally or state-chartered bank, a federal or state savings and loan association, or a state-licensed branch of a foreign bank, with a remaining maturity of 397 days or less. For obligations with a maturity one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two NRSROs. For obligations with a maturity in excess of one year, the senior debt obligation of the issuing institution or its parent must be rated at least “A” or its equivalent by at least two NRSROs
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances, if the bankers’ acceptances do not exceed 180 days’ maturity and the accepting bank is rated in the top short-term category by at least two NRSROs

*Negotiable Certificates of Deposit or other evidences of deposit are negotiable instruments and are not bank deposits or accounts, therefore insurance or collateral is not required.

Appendix B: The PLGIT/TERM Portfolio

PLGIT/TERM offers a fixed rate, fixed term investment option that allows investors to lock in a competitive yield for maturity dates between 60 days and 1 year.

Since the effective date of Act 10, PLGIT has created new PLGIT/TERM Series that may invest in the new investment types, such as commercial paper and negotiable certificates of deposit, along with its traditional investments.

Investment Objective

To provide an investment subject to pre-set redemptions occurring from 60 days to one year from the time of investment, and that will produce the highest earnings consistent with maintaining principal at maturity and meeting the redemption schedule. The PLGIT/TERM Portfolio (the "Portfolio") seeks to assure the return of principal on the planned maturity date, although principal value may fluctuate prior to that date, and therefore may be greater or less than \$1.00 a share. There is a penalty for early withdrawal, and NAV may be more or less than \$1.00 a share.

Principal Investment Strategies

The Portfolio invests exclusively in high quality money market instruments, such as:

- U.S. Government and Federal agency obligations
- Bank deposits or accounts that are insured by the FDIC or NCUA or are covered by approved collateral
- Obligations of the Commonwealth of Pennsylvania or of any of its agencies, instrumentalities, or political subdivisions; these obligations must either be backed by the full faith and credit of their issuer or must otherwise be legally authorized investments for Pennsylvania municipal entities
- Shares of money market mutual funds whose investment criteria are at least as restrictive as the Portfolio's
- Commercial Paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days if the issuing corporation or business entity is rated in the top short term category by at least two nationally recognized statistical ratings organization ("NRSRO")
- Negotiable Certificates of Deposit or other evidences of deposit* issued by a nationally or state-chartered bank, a federal or state savings and loan association, or a state-licensed branch of a foreign bank, with a remaining maturity of 365 days or less; provided that the debt obligations of the issuing institution or its parent are rated at the time of purchase in the top short-term rating category by at least two NRSROs
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days' maturity and the accepting bank is rated in the top short-term category by at least two NRSROs
- Repurchase agreements involving U.S. Government and Federal agency obligations, participations or other instruments of, or guaranteed by, the United States or any Federal agency, instrumentality or United States government-sponsored enterprise

*Negotiable Certificates of Deposit or other evidences of deposit are negotiable instruments and are not bank deposits or accounts, therefore insurance or collateral is not required.

*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, PLGIT/ARM 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 a wholly owned subsidiary of PFM Asset Management LLC.*

A description of the PLGIT CD Purchase Program is contained in the PLGIT Information Statement. The Information Statement contains important information and should be read carefully before investing. Investors may purchase Certificates of Deposit through the PLGIT CD Purchase Program only by executing an investment advisory agreement with the Program's Investment Adviser, PFM Asset Management LLC.

SMPLGIT, PLGIT-Class Shares, PLGIT/PLUS-Class Shares, PLGIT/I-Class Shares, PLGIT/TERM, PLGIT-CD, PLGIT/ARM, PLGIT/PRIME, PLGIT/SAM, and PLGIT-CAP are service marks of the Pennsylvania Local Government Investment Trust.

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 the securities. For a full description on rating methodology, visit Standard & Poor's website (<http://www.standardandpoors.com/ratings/funds-main/en/us>).

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