Act 10 of 2016 Overview

Act 10 of 2016* (House Bill 1296) amends the Act of July 25, 1973, authorizing cities of the first and second class to invest in commercial paper by expanding it to include all local governments, school districts, and municipal authorities.

Act 10 also expands permitted investments to include, along with commercial paper, bankers’ acceptances, and negotiable certificates of deposit, and eliminates the maximum maturity limit of federal agencies.

Expanded Investments

Commercial Paper
Corporate entities, which may include a bank holding company, issue short-term debt, generally between 1 and 270 days, to finance daily business activities. Sold at a discount, pays face value at maturity. Investments must have a top short-term rating by at least two NRSROs**.

Bankers’ Acceptances
Commercial banks issue the short-term debt instrument, generally from 1 to 180 days, to facilitate commercial trades. Sold at a discount, pays face value at maturity. Investments must have a top short-term rating by at least two NRSROs**.

Negotiable Certificates of Deposit
Commercial banks issue these securities with maturities between 7 days and 5 years. Pays face value and interest at maturity. Maximum maturity is three years under Act 10. For maturities less than one year, investments must have a top short-term rating by at least two NRSROs*. Investments with maturities greater than one year must be rated “A” or better by at least two NRSROs**.

Federal Agency
Act 10 removes the maturity limit for investments in federal agency securities.

Act 10 Benefits

- Increases opportunity for diversification
- Creates uniformity among the investment options available to local governments
- Aligns investment code with best practices and options available in a majority of other states
- Adds potential for more competitive yields

*For the full Act 10 of 2016 document, please follow the link below: http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2016&sessInd=0&act=10
**NRSROs – Nationally Recognized Statistical Organizations (for example, S&P, Moody’s, Fitch)
Changes to the PLGIT Investment Line-up

Most PLGIT investment options have not changed under Act 10. Effective May 24, 2016, PLGIT implemented changes to the PLGIT/PRIME and PLGIT/TERM portfolios. Investors now have the choice, but not the requirement, to utilize the new PLGIT/PRIME share class and PLGIT/TERM investment options.

The changes include:

PLGIT/PRIME Portfolio
- Investment Policy updated to take advantage of all newly permitted investment options
- Expanded availability to all PLGIT Investors

PLGIT/TERM
- Current PLGIT/TERM investments will not be changed
- Future PLGIT/TERM investments will take advantage of new permitted investments

Features of PLGIT/PRIME
1. No minimum initial deposit or balance requirements
2. Offers a limited number of cash management services including:
   - Wire in/out; direct deposit of subsidies; direct payments of federal/state payments
   - Withdrawals, including transfers to other PLGIT liquid options, limited to 2 per month; transactions can be done online or over the phone
3. Check writing continues to be offered through the PLGIT Portfolio (PLGIT-Class)

Features of PLGIT/TERM
1. Available maturities from 60 to 365 days
2. Minimum investment amount remains $100,000
3. The inclusion of additional potential investments provides opportunity for greater diversification and enhanced yield than traditional PLGIT/TERM investments

PLGIT's Sponsoring Associations:

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.