

Declaration of Trust

*of the Pennsylvania Local Government
Investment Trust*

*Dated as of February 1, 1981
As Amended as of May 19, 1989*



Pennsylvania Local Government Investment Trust

Existing Solely For Your Success

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THIS DECLARATION OF TRUST made as of February 1, 1981, as amended as of May 19, 1989 by the BOROUGH OF CHAMBERSBURG, PENNSYLVANIA and the BOROUGH OF EMMAUS, PENNSYLVANIA, as Initial Settlers.

WITNESSETH

WHEREAS, Section 3 of Act No. 180 of the General Assembly of the Commonwealth of Pennsylvania approved January 12, 1972, as "An Act relating to intergovernmental cooperation" (the "Intergovernmental Cooperation Act") provides that:

"Two or more municipalities in this Commonwealth may jointly cooperate, or any municipality or municipalities may jointly cooperate with any municipality or municipalities located in any other state, in the exercise or in the performance of their respective governmental functions, powers or responsibilities. For the purpose of carrying the provisions of this act into effect the municipalities cooperating shall enter into such joint agreements as may be deemed appropriate for such purposes."

WHEREAS, the Initial Settlers, both municipalities as defined in Section 1 of the Intergovernmental Cooperation Act, desire to establish the Pennsylvania Local Government Investment Trust for the purposes set forth in this Declaration of Trust.

WHEREAS, this Declaration of Trust is intended to be a joint agreement entered into for the purpose of carrying out the provisions of the Intergovernmental Cooperation Act; and

WHEREAS, the Initial Settlers anticipate that other Pennsylvania municipalities (as defined in the Intergovernmental Cooperation Act) may wish to become Settlers by adopting this Declaration of Trust and thus becoming parties to it.

NOW, THEREFORE, the Initial Settlers hereby declare that all money and property contributed to the Trust established under this Declaration shall be held and managed in trust for the benefit of holders, from time to time, of the Shares of Beneficial Interest issued hereunder and subject to the provisions hereof.

ARTICLE I. NAME, PURPOSE AND DEFINITIONS.

Section 1.1 Name. The name of the trust created hereby is PENNSYLVANIA LOCAL GOVERNMENT INVESTMENT TRUST.

Section 1.2 Purpose. Only Municipal Entities to be Shareholders. The purpose of the Trust is to provide Pennsylvania municipal entities with an instrumentality or agency to pool their temporary cash reserves in order to invest such temporary cash reserves to greater advantage under the daily supervision of professional investment advisors. Only municipal entities of the Commonwealth of Pennsylvania, authorized under the Pennsylvania Intergovernmental Cooperation Act or other applicable Pennsylvania statutes to enter into cooperative arrangements of this nature, may own Shares of Beneficial Interest in the Trust, and such municipal entities may purchase Shares only after their governing bodies have become Settlers of this Trust by adopting this Declaration of Trust by appropriate corporate action.

ARTICLE II. TRUSTEES. ORGANIZATION TRUSTEES.

Section 2.1 Organization of Trust and Organization Trustees. By the execution of this Declaration of Trust, the Initial Settlers appoint the following four individuals to serve as Trustees until the first annual meeting of the Shareholders, which shall be held after proper notice not later than the last business day of the twelfth month after the month in which the Trust first accepts money for investment.

<u>Name of Organization Trustee</u>	<u>Address of Organization Trustee</u>
Paul H. Bradtmiller	500 N. Union Street, Middletown, PA 17075.
Raymond F. Lowery, Jr.	667 Gibson Avenue, Kingston, PA 18704.
Gates B. Stern	1059 Harris Drive, Emmaus, PA 18049.
Samuel W. Worley	338 Grandview Avenue, Chambersburg, PA 17201.

The Organization Trustees shall have all the powers of Trustees provided in this Declaration of Trust and shall have the power to appoint up to five additional Organization Trustees, to serve until the Board of Trustees has been elected in accordance with Section 2.2.

Section 2.2 Election of Trustees. Number of Trustees. Term. Except for the Organization Trustees and Trustees named to fill vacancies as provided in Section 2.4, the Trustees shall be elected by the Shareholders at the annual meetings of the Shareholders. At the first annual meeting of Shareholders, the number of Trustees shall be increased from four to nine. At the third annual meeting of Shareholders, the maximum number of Trustees shall be increased from nine to fifteen and thereafter the Trust shall continue to have a maximum of fifteen Trustees. By resolution duly adopted by a majority of the Board of Trustees not later than the time the Trustees authorize notice to be given of the annual meeting of Shareholders, the Trustees shall establish the number of Trustee positions to be filled at the upcoming annual meeting, which number shall not be less than nine and not greater than fifteen, shall not be less than the number of classes of municipal entities eligible for representation on the Board of Trustees and shall remain in effect until changed by the Trustee.

Elected municipal officers or municipal employees shall be represented on the Board of Trustees in accordance with the By-Laws of the Trust in effect whenever a notice of annual meeting of Shareholders is authorized by the Trustees. Except in the event of resignations or removals pursuant to Section 2.3, each Trustee shall hold office until the next annual meeting of Shareholders or until his or her successor is elected and qualified to serve as Trustee.

Section 2.3 Resignation and Removal. Any Trustee may resign his or her trust (without need for prior or subsequent accounting) by an instrument in writing signed by such Trustee and delivered to the other Trustees and such resignation shall be effective upon such delivery, or at a later date according to the terms of the instrument. Any Trustee may be removed for cause, by the action of two-thirds of the remaining Trustees. Upon the resignation or removal of a Trustee, such former Trustee shall execute and deliver such documents as the remaining Trustees shall require for the purpose of conveying to the Trust or the remaining Trustees any Trust Property held in the name of the resigning or removed Trustee. Upon the incapacity or death of any Trustee, his or her legal representative shall execute and deliver such documents as the remaining Trustees shall require as provided in the preceding sentence.

The Court of Common Pleas of Dauphin County, Pennsylvania, may at the suit of any Shareholder holding at least 10% of the Shares of Beneficial Interest, remove from office any Trustee in case of fraudulent or dishonest acts, or gross abuse of authority or discretion with reference to the Trust and may bar from reelection any Trustee so removed for a period described by the Court.

Section 2.4 Vacancies. The term of office of a Trustee shall terminate and a vacancy shall occur in the event of the death, resignation, removal, bankruptcy, adjudicated incompetence or other incapacity to perform the duties of the office of a Trustee. No such vacancy shall operate to annul this Declaration of Trust or to remove any existing agency created pursuant to the terms of this Declaration of Trust. In the case of an existing vacancy, including a vacancy existing by reason of an increase in the number of Trustees, the remaining Trustees shall fill such vacancy by the appointment of such other person as they in their discretion shall see fit, made by a written instrument signed by a majority of the Trustees. Any such appointment shall not become effective, however, until the person named in the written instrument of appointment shall have accepted in writing such appointment and agreed in writing to be bound by the terms of this Declaration of Trust. An appointment of a Trustee may be made in anticipation of a vacancy to occur at a later date by reason of retirement or resignation, provided that such appointment shall not become effective prior to such retirement or resignation. Whenever a vacancy in the number of Trustees shall occur, until such vacancy is filled as provided in this Section 2.4, the Trustees in office, regardless of their number, shall have all the powers granted to the Trustees and shall discharge all the duties imposed upon the Trustees by this Declaration of Trust. A written instrument certifying the existence of such vacancy signed by a majority of the Trustees shall be conclusive evidence of the existence of such vacancy.

ARTICLE III. POWERS OF TRUSTEES.

Section 3.1 General. The Trustees shall have exclusive and absolute control over the Trust Property and over the affairs of the Trust to the same extent as if the Trustees were the sole owners of the Trust Property in their own right, but with such powers of delegation as may be permitted by this Declaration. The Trustees shall have power to conduct the affairs of the Trust and carry on its operations in any and all of its branches and maintain offices both within and without the Commonwealth of Pennsylvania, and to do all such other things and execute all such instruments as the Trustees deem necessary, proper or desirable in order to promote the interests of the Trust although such things are not herein specifically mentioned. Any determination as to what is in the interests of the Trust made by the Trustees in good faith shall be conclusive. In construing the provisions of this Declaration of Trust, the presumption shall be in favor of a grant of a power to the Trustees.

The enumeration of any specific power herein shall not be construed as limiting the aforesaid power. Such powers of the Trustees may be exercised without order of or resort to any court.

Section 3.2 Investments. The Trustees shall have the power to subscribe for, invest in, reinvest in, purchase or otherwise acquire, own, hold, pledge, sell, assign, transfer, exchange, distribute, lend or otherwise deal in or dispose of investments of every nature and kind, provided such investment is (in the sole and absolute discretion of the Trustees) consistent with the Investment Objectives and Policies set forth in the Trust's Information Statement, as most recently amended or supplemented and to exercise any and all rights, powers and privileges of ownership or interest in respect of any and all such investments of every kind and description, including without limitation, the right to consent and otherwise act with respect thereto, with power to designate one or more persons, firms, associations or corporations to exercise any of said rights, powers, and privileges in respect of any of said instruments.

Section 3.3 Legal Title. Legal title to all the Trust Property shall be vested in the Trustees as joint tenants except that the Trustees shall have power to cause legal title to any Trust Property to be held by or in the name of one or more of the Trustees, or in the name of the Trust, or in the name of any other person as nominee, on such terms as the Trustees may determine, provided that the interest of the Trust therein is appropriately protected. The right, title and interest of the Trustees in the Trust Property shall vest automatically in each person who may hereafter become a Trustee. Upon the resignation, removal or death of a Trustee he shall automatically cease to have any right, title or interest in any of the Trust Property, and the right, title and interest of such Trustee in the Trust Property shall vest automatically in the remaining Trustees. Such vesting and cessation of title shall be effective whether or not conveyancing documents have been executed and delivered.

Section 3.4 Issuance and Redemption of Shares of Beneficial Interest. The Trustee shall have the power to issue, sell, repurchase, redeem, retire, cancel, acquire, hold, resell, reissue, dispose of, transfer, and otherwise deal in Shares of Beneficial Interest and, subject to the provisions set forth in Articles VII, VIII and IX hereof, to apply to any such repurchase, redemption, retirement, cancellation or acquisition of Shares of Beneficial Interest any funds or property of the Trust whether capital or surplus or otherwise to the full extent now or hereafter permitted by any law of the Commonwealth of Pennsylvania.

Section 3.5 Borrowing Money; Lending Trust Assets. The Trustees shall have power to borrow money or otherwise obtain credit and to secure the same by mortgaging, pledging or otherwise subjecting as security the assets of the Trust, to endorse, guarantee, or undertake the performance of any obligation, contract or engagement of any other Person and to lend Trust assets.

Section 3.6 Delegation; Committees. The Trustees shall have power to delegate from time to time to such of their number or to officers, employees or agents of the Trust the doing of such things and the execution of such instruments either in the name of the Trust or the names of the Trustees or otherwise as the Trustees may deem expedient, to the same extent as such delegation is permitted to directors of Pennsylvania Business Corporations by the Pennsylvania Business Corporation Law, consistent with the By-Laws of the Trust.

Section 3.7 Collection and Payments. The Trustees shall have power to collect all property due to the Trust; to pay all claims, including taxes, against the Trust Property; to prosecute, defend, compromise or abandon any claims relating to the Trust Property; to foreclose any security interest securing any obligations, by virtue of which any property is owed to the Trust; and to enter into releases, agreements and other instruments.

Section 3.8 Expenses and Limits Thereon. The Trustees shall have the power to incur and pay any expenses which in the opinion of the Trustee are necessary or incidental to carry out any of the purposes of this Declaration of Trust and to pay reasonable compensation from the funds of the Trust to themselves as Trustees. The Trustees shall fix the compensation of all officers, employees and Trustees.

During the twelve months following the day on which the Trust first accepts funds for investment, the aggregate amounts paid by the Trust to any investment adviser employed by the Trust in accordance with Section 4.1 of this Declaration and to any contractor providing for other services listed in subsections (1), (2) and (3) of Section 4.2 of this Declaration shall not exceed a total of 0.5% of the average daily net assets of the Trust during that period.

After the initial twelve month period, the Trustees may continue to pay the reasonable and customary fees for these services without being bound by the fixed limitation contained in the preceding paragraph.

Section 3.9 Manner of Acting; By-Laws. Except as otherwise provided herein or in the By-Laws, any action to be taken by the Trustees may be taken by majority of the Trustees present at a meeting of Trustees (a quorum being present), including any meeting held by means of a conference telephone circuit or similar communications equipment by means of which all persons participating in the meeting can hear each other, or by written consents of all the Trustees. The Trustees may adopt By-Laws not inconsistent with this Declaration to provide for the conduct of the affairs of the Trust and may amend or repeal such By-Laws to the extent such power is not reserved to the Shareholders.

Section 3.10 Miscellaneous Powers. The Trustees shall have the power to: (a) employ or contract with such Persons as the Trustees may deem desirable for the transaction of the affairs of the Trust; (b) enter into joint ventures, partnerships and any other combinations or associations; (c) remove Trustees or fill vacancies in or add to their number, elect and remove such officers and appoint and terminate such agents or employees as they consider appropriate, and appoint from their own number, and terminate, any one or more committees which may exercise some or all of the power and authority of the Trustees as the Trustees may determine; (d) purchase, and pay for out of Trust Property, insurance policies insuring the Trustees, officers, employees, agents, investment advisers, distributors, or independent contractors of the Trust against all claims arising by reason of holding any such position or by reason of any action taken or omitted by any such Person in such capacity, whether or not constituting negligence, or whether or not the Trust would have the power to indemnify such Person against such liability; (e) to the extent permitted by law, indemnify any person with whom the Trust has dealings to such extent as the Trustees shall determine; (f) determine and change the fiscal year of the Trust and the method by which its accounts shall be kept; and (g) adopt a seal for the Trust but the absence of such seal shall not impair the validity of any instrument executed on behalf of the Trust.

In addition to these specific powers, the Trustees shall also have all other powers reasonably necessary from time to time to carry out the ultimate purpose of the Trust as defined in Section 1.2.

Section 3.11 Minimum Total Investment. The Trustees shall have the power to fix the minimum total investment for Shareholders expressed in dollars of Shares, of both, for purposes of investment in the Trust's Shares of Beneficial Interest. Whenever a Shareholder's investment is less than the minimum established by the Trustees, the Trustees may redeem the Shares of Beneficial Interest of such Shareholder, provided thirty days' prior notice is given to such Shareholder. If the Trustees change the minimum total investment to an amount greater than the investment of any Shareholder at the time that such change becomes effective, the investment of such Shareholder shall not be redeemed without such Shareholder's consent.

ARTICLE IV. INVESTMENT ADVISER, AND OTHER SERVICES TO TRUST.

Section 4.1 Investment Adviser. Approval of Agreements. The Trustees may in their discretion, from time to time, enter into an investment advisory or management contract whereby the other party to such contract shall undertake to furnish the Trust such management, promotional activities, and such other facilities and services, if any, as the Trustees shall from time to time consider desirable and all upon such terms and conditions as the Trustees may in their discretion determine. The Trustees may authorize the investment adviser to effect purchases, sales, loans or exchanges of portfolio securities of the Trust on behalf of the Trustees or may authorize any officer, employee or Trustee to effect such purchase, sales, loans or exchanges pursuant to recommendations of the Investment Adviser, all without further action by the Trustees. Any such purchases, sales, loans and exchanges shall be deemed to have been authorized by all of the Trustees.

Section 4.2 Other Services to the Trust. The Trustees may from time to time in their discretion enter into Contracts or agreements with qualified and experienced independent contractors to carry out the following functions: (1) transfer agent and dividend disbursing agent; (2) administrator, to maintain all books and records of the Trust, to supervise all aspects of the Trust's operations including periodic updating of the Trust's Information Statement, to prepare the Trust's tax returns and periodic reports to Shareholders; to compute the Trust's daily net asset value and yield; to provide all office space, equipment and facilities necessary for the Trust's operations and to provide such other administrative services as the Trustee may require; (3) customer service agent, to provide information to municipalities which are Shareholders or are interested in becoming Shareholders; (4) custodian bank, to hold all money and securities constituting the Trust Property; (5) independent certified public accountants to perform an annual audit and provide such other services as the Trustees may require and (6) legal counsel. The foregoing specific list shall not prevent the Trustees from employing other persons to provide such advice, assistance or service as the Trustees may from time to time require to carry out the ultimate purpose of the Trust as defined in Section 1.2.

ARTICLE V. LIMITATIONS OF LIABILITY OF SHAREHOLDERS, TRUSTEES AND OTHERS.

Section 5.1 No Personal Liability of Shareholders, Trustees and Others. No Shareholders shall be subject to any personal liability whatsoever to any Person in connection with Trust Property or the acts, obligations or affairs of the Trust. No Initial Settlor, Trustee, officer, employee or agent of the Trust shall be subject to any personal liability whatsoever to any Person, other than the Trust or its Shareholders, in connection with Trust Property or the affairs of the Trust, save only that arising from bad faith, willful misfeasance, gross negligence or reckless disregard for his duty to such Person; and all such Persons shall look solely to the Trust Property for satisfaction of claims of any nature arising in connection with the affairs of the Trust. No Initial Settlor, Shareholder, Trustee, officer, employee, or agent, as such, of the Trust, made a party to any suit or proceeding to enforce any such liability, shall be held to any personal liability. The Trust shall indemnify and hold each Initial Settlor and Shareholder harmless from and against all claims and liabilities, to which such Initial Settlor and Shareholder may become subject by reason of its being or having been an Initial Settlor or Shareholder, and shall reimburse such Shareholder for all legal and other expenses reasonably incurred by it in connection with any such claim or liability. The rights accruing to Shareholder under this Section 5.1 shall not exclude any other right to which such Initial Settlor or Shareholder may be lawfully entitled, nor shall anything herein contained restrict the right of the Trust to indemnify or reimburse an Initial Settlor or Shareholder in any appropriate situation even though not specifically provided herein.

Section 5.2 Non-Liability of Trustees. No Initial Settlor, Trustee, officer, employee or agent of the Trust shall be liable to the Trust, to its Shareholders, or to any Shareholder, Trustee, officer, employee, or agent thereof for any action or failure to act (including without limitation the failure to compel in any way any former or acting Trustee to redress any breach of trust) except for its, his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of duties.

Section 5.3 Mandatory Indemnification.

(a) Subject to the exceptions and limitation contained in paragraph (b) below:

(i) each Initial Settlor, every person who is or has been a Trustee or officer of the Trust shall be indemnified by the Trust against all liability and against all expenses reasonably incurred or paid in connection with any claim, action, suit or proceeding in which such Initial Settlor or person becomes involved as a party or otherwise by virtue of being or having been an Initial Settlor, a Trustee or officer and against amounts paid or incurred by such person in the settlement thereof;

(ii) the words “claim”, “action”, “suit” or “proceeding” shall apply to all claims, actions, suits or proceedings (civil, criminal, or other, including appeals), actual or threatened; and the words “liability” and “expenses” shall include, without limitation, attorneys’ fees, costs, judgments, amounts paid in settlement, fines, penalties and other liabilities.

(b) No indemnification shall be provided hereunder to a Trustee or officer:

(i) against any liability to the Trust or the Shareholders by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of duty;

(ii) with respect to any matter as to which such person shall have been finally adjudicated not to have acted in good faith in the reasonable belief that the disputed action was in the best interest of the Trust;

(iii) in the event of a settlement involving a payment by a Trustee or officer, unless there has been a determination that such Trustee or officer did not engage in willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office, such determination to be made by (A) by the court or other body approving the settlement; or (B) by majority Shareholder vote; or (C) by vote of two-thirds of the Trustees, constituting at least a majority of the Trustees who are not themselves involved in the claim, action, suit or proceeding; or (D) by written opinion of independent counsel.

(c) The rights of indemnification herein provided may be insured against by policies maintained by the Trust, shall be severable, shall not affect any other rights to which any Trustee or officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such Trustee or officer and shall inure to the benefit of the heirs, executors and administrators of such person. Furthermore, in addition to or in lieu of the maintenance of insurance policies to insure the rights of indemnification, the Trustees may create a fund or funds to secure such rights and may deposit moneys from the Trust Property in such fund or funds from time to time in such amounts as the Trustees in their sole judgment may deem advisable. Such fund or funds may be held by the Trustees or by a fiduciary party, and the Trustees may create such a fund or funds solely for the benefit of the Trust or on a joint basis with other similar trusts for the benefit of the Trust and the other trusts.

(d) Expenses of preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in paragraph (a) of this Section 5.3 will be advanced by the Trust prior to final disposition thereof upon receipt of an undertaking by or on behalf of the recipient, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Section 5.3.

Section 5.4 No Bond Required of Trustees. No Trustee shall be obligated to give any bond or other security for the performance of any of his or her duties hereunder.

Section 5.5 No Duty of Investigation; Notice in Trust Instruments. No purchaser, lender, transfer agent or other person dealing with the Trustees or any officer, employee or agent of the Trust shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by the Trustees or by said officer, employee or agent or be liable for the application of money or property paid, loaned, or delivered to or on the order of the Trustees or of said officer, employee or agent. Every obligation, contract, instrument, certificate, Share of Beneficial Interest, other security of the Trust or undertaking, and every other document executed in connection with the Trust shall be conclusively presumed to have been executed or done by the executors thereof only in their capacity as Trustees under this Declaration of Trust or in their capacity as officers,

employees or agents of the Trust. Every written obligation, contract, instrument, certificate, Share of Beneficial Interest, other security of the Trust or undertaking made or issued by the Trustees shall recite that it is executed by them not individually, but as Trustees under this Declaration of Trust and that the obligations of any such instruments are not binding upon any of the Trustees or Shareholders, individually, but bind only the trust estate, but the omission of such recital shall not operate to bind the Trustees or Shareholders individually.

The Trustees may in their discretion maintain insurance for the protection of the Trust Property, its Shareholders, Trustees, officers, employees and agents in such amount as the Trustees may deem adequate to cover possible tort liability, and such other insurance as the Trustees in their sole judgment may deem advisable. Furthermore, in addition to or in lieu of the maintenance of such policies of insurance, the Trustees may create a fund or funds to secure such risks and may deposit moneys from the Trust Property in such fund or funds from time to time in such amounts as the Trustees in their sole judgment may deem advisable. Such fund or funds may be held by the Trustees or by a fiduciary party, and the Trustees may create such a fund or funds solely for the benefit of the Trust or on a joint basis with other similar trusts for the benefit of the Trust and the other trusts.

Section 5.6 Reliance on Experts. Each Trustee and officer or employee of the Trust shall, in the performance of his or her duties, be fully protected with regard to any act or failure to act resulting from reliance in good faith upon the books of account or other records of the Trust, upon an opinion of counsel, or upon reports made to the Trust by any of its officers or employees or by the investment adviser, administrator, transfer agent, custodian, accountants, appraisers or other experts or consultants selected with reasonable care by the Trustees, officers or employees of the Trust.

ARTICLE VI. SHARES OF BENEFICIAL INTEREST.

Section 6.1 Beneficial Interest. The interest of the beneficiaries hereunder shall be divided into transferable Shares of Beneficial Interest, all of one class except as permitted by Section 6.8, without par value. The number of Shares of Beneficial Interest authorized hereunder is unlimited. All Shares of Beneficial Interest issued hereunder including, without limitation, Shares issued in connection with a dividend in Shares or a split of Shares, shall be fully paid and nonassessable.

Section 6.2 Rights of Shareholders. The ownership of the Trust Property of every description and the right to conduct the affairs of the Trust hereinbefore described are vested exclusively in the Trustees, and the Shareholders shall have no interest therein other than the beneficial interest conferred by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights or interests of the Trust nor can they be called upon to assume any losses of the Trust or suffer an assessment of any kind by virtue of their ownership of Shares. The Shares shall be personal property giving only the rights in the Declaration of Trust specifically set forth. The Shares shall not entitle the holder to preference, preemptive, appraisal, conversion or exchange rights.

Section 6.3 Trust Only. It is the intention of the Trustees to create only the relationship of Trustee and beneficiary between the Trustees and each Shareholder from time to time. It is not the intention of the Trustees to create a general partnership, limited partnership, joint stock association, corporation, bailment or any form of legal relationship other than a trust.

Section 6.4 Register of Shares of Beneficial Interest. A register shall be kept at the principal office of the Trust or at such place as the Trustees shall designate containing the names and addresses of all Shareholders and the numbers of Shares held by them respectively and a record of all transfers thereof. Such register shall be conclusive as to which municipalities are the holders of the Shares and which municipalities shall be entitled to receive distributions or otherwise to exercise or enjoy the rights of all Shareholders. No Shareholder shall be entitled to receive payment of any distribution, nor to have given to it as herein or in the By-Laws provided, until its correct name and address has been given to the transfer agent or such other officer or agent of the Trustees as shall keep the register. The Trustees, in their discretion, may but need not authorize the issuance of Share certificates and promulgate appropriate rules and regulations as to their use.

Section 6.5 Transfer of Shares. Shares of Beneficial Interest shall be transferable on the records of the Trust only by the record holder thereof or by its agent thereunto duly authorized in writing, upon delivery to the Trustees or the transfer agent of a duly executed instrument of transfer, together with such evidence of the genuineness of each such execution and authorization and of other matters as may reasonably be required. Upon such delivery the transfer shall be recorded on the register of the Trust. Until such record is made, the Shareholder of record shall be deemed to be the holder of such Shares for all purposes hereunder and neither the Trustees nor any transfer agent nor any officer, employee or agent of the Trust shall be affected by any notice of the proposed transfer.

No Shares may be transferred to a transferee other than municipalities of the Commonwealth of Pennsylvania, their instrumentalities or agencies, or to the Trust itself.

Section 6.6 Notices. Any and all notices to which any Shareholder may be entitled and any and all communications shall be deemed duly served or given if mailed, postage prepaid, addressed to any Shareholder of record at its address as recorded on the register of the Trust.

Section 6.7 Voting Powers. No Cumulative Voting. The Shareholders shall have power to vote only (i) for the election of Trustees as provided in Section 2.2 hereof and the By-Laws, (ii) with respect to termination of the Trust as provided in Section 9.2, (iii) with respect to any amendment of this Declaration of Trust to the extent and as provided in Section 9.3, and (iv) with respect to such additional matters relating to the Trust as may be required by this Declaration of Trust or the By-Laws or as the Trustees may consider necessary or desirable. Each whole Share of Beneficial Interest shall be entitled to one vote as to any matter on which it is entitled to vote and each fractional Share shall be entitled to a proportionate fractional vote, except that Shares held in the treasury of the Trust shall not be voted. There shall be no cumulative voting in the election of Trustees. Until Shares of Beneficial Interest are issued, the Organization Trustees may exercise all rights of Shareholders and may take any action required by law, this Declaration of Trust or the By-Laws to be taken by Shareholders. The By-Laws may include further provisions for Shareholders' vote and meetings, qualifications of Trustees, and related matters.

Section 6.8 Series or Portfolio Designation. The Trustees, in their discretion, may authorize the division of Shares into two or more series, or portfolios, and the different series or portfolios shall be established and designated, and the variations in the relative rights and preferences as between the different series or portfolios shall be fixed and determined by the Trustees; provided, that all Shares shall be identical except that there may be variations so fixed and determined between different series or portfolios as to purchase price, right of redemption and the price, terms and manner of redemption, special and relative rights as to distributions on liquidation, conversion rights, and conditions under which the several series or portfolios shall have separate voting rights and separate investment restrictions.

ARTICLE VII. REDEMPTIONS.

Section 7.1 Redemptions. In case any Shareholder at any time desires to dispose of its Shares of Beneficial Interest, it may deposit a written request or other such form of request as the Trustees may from time to time authorize, at the office of the transfer agent or at the office of any bank or trust company, either in or outside of Pennsylvania which is a member of the Federal Reserve System and which the transfer agent has designated in writing for that purpose, together with an irrevocable offer in writing in a form acceptable to the Trustees to have the Shares redeemed by the Trust at the net asset value thereof per Share, next determined as provided in the By-Laws after such deposit. Payment for redemption shall be made to the Shareholders within the number of business days specified in the Trust's current Information Statement, unless (i) the date of payment is postponed pursuant to Section 7.2 hereof, or (ii) the receipt, or verification of receipt, of the redemption price for the Shares to be redeemed is delayed, in either of which event payment may be delayed beyond such period.

Section 7.2 Suspension of Right of Redemption. The Trust may declare a suspension of the right of redemption or postpone the date of payment or redemption for the whole or any part of any period (i) during which the New York Stock Exchange is closed other than customary weekend and holiday closings, (ii) during which trading on the New York Stock Exchange is

restricted, or (iii) during which an emergency exists as a result of which disposal by the Trust of securities owned by it is not reasonably practicable or it is not reasonably practicable for the Trust fairly to determine the value of its net assets. Such suspension shall take effect at such time as the Trust shall specify but not later than the close of business on the business day next following the declaration of suspension, and thereafter there shall be no right of redemption nor payment on redemption until the Trust shall declare the suspension at an end, except that the suspension shall terminate in any event on the first day on which said Stock Exchange shall have reopened or the period specified in (ii) or (iii) shall have expired (as to which the determination of the Trust shall be conclusive). In the case of a suspension of the right of redemption, a Shareholder may either withdraw its request for redemption or receive payment based on the net asset value existing after the termination of the suspension.

Section 7.3 Redemption in Kind. Payment for Shares deposited pursuant to Section 7.1 may, at the option of the Trustees, or such officer or officers as they may duly authorize for the purpose, in their complete discretion be made in cash, or in kind, or partially in cash and partially in kind. In case of payment in kind, the Trustees, or their delegate shall have absolute discretion as to what security or securities shall be distributed in kind and the amount of the same, and the securities shall be valued for purposes of distribution at the figure at which they were appraised in computing the asset value of the Shares, provided that any Shareholder which cannot legally acquire securities so distributed in kind by reason of the statutes governing the investment of funds by Pennsylvania municipalities shall receive only cash.

ARTICLE VIII. DETERMINATION OF NET ASSET VALUE, NET INCOME AND DISTRIBUTIONS.

Section 8.1 By-Laws to Govern Net Assets, Net Income and Distribution Procedures. The Trustees, in their absolute discretion, may prescribe and shall set forth in the By-Laws such bases and times for determining the per Share of Beneficial Interest net asset value of the Shares or net income, or the declaration and payment of distributions, as they may deem necessary or desirable.

ARTICLE IX. DURATION; TERMINATION OF TRUST; AMENDMENT.

Section 9.1 Duration. The Trust shall continue without limitation of time but subject to the provisions of this Article IX.

Section 9.2 Termination of Trust.

(a) The Trust may be terminated by the affirmative vote of the holders of not less than two-thirds of the Shares outstanding and entitled to vote at any meeting of Shareholders or by an instrument in writing, without a meeting, signed by a majority of the Trustees and consented to by the holders of not less than two-thirds of the Shares outstanding. Upon the termination of the Trust:

(i) The Trust shall carry on no activities except for the purpose of winding up its affairs.

(ii) The Trustees shall proceed to wind up the affairs of the Trust and all of the powers of the Trustees under this Declaration of Trust shall continue until the affairs of the Trust shall have been wound up including the power to fulfill or discharge the contracts of the Trust, collect its assets, sell, convey, assign, exchange, transfer or otherwise dispose of all or any part of the remaining Trust Property to one or more persons at public or private sale for consideration which may consist in whole or in part of cash, securities or other property of any kind, discharge or pay its liabilities, and to do all other acts appropriate to liquidate its business; and

(iii) After paying or adequately providing for the payment of all liabilities, and upon receipt of such releases, indemnities and refunding agreements as they deem necessary for their protection, the Trustees may distribute the remaining Trust Property, in cash or in kind or partly in cash and partly in kind, among the Shareholders according to their respective beneficial interests.

(b) After termination of the Trust and distribution to the Shareholders as herein provided, a majority of the Trustees

shall execute and lodge among the records of the Trust an instrument in writing setting forth the fact of such termination, and the Trustees shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and interests of all Shareholders shall thereupon cease.

Section 9.3 Amendment Procedure.

(a) This Declaration of Trust may be amended by a majority Shareholder vote or by any instrument in writing, without a meeting, signed by a majority of the Trustees and consented to by the holders of not less than a majority of the Shares outstanding and entitled to vote. The Trustees may also amend this Declaration of Trust without the vote or consent of Shareholders if they deem it necessary to conform this Declaration of Trust to the requirements of applicable laws or regulations, but the Trustees shall not be liable for failing to do so.

(b) No amendment may be made under this Section 9.3 which would change any rights with respect to any Share of Beneficial Interest by reducing the amount payable thereon upon liquidation of the Trust or by diminishing or eliminating any voting rights pertaining thereto, except with the vote or consent of the holders of two-thirds of the Shares outstanding and entitled to vote. Nothing in this Declaration of Trust shall permit its amendment to impair the exemption from personal liability of the Shareholders, Trustees, officers, employees and agents of the Trust or to permit assessments upon Unitholders.

(c) A certificate signed by a majority of the Trustees setting forth an amendment and reciting that it was duly adopted by the Shareholders or by the Trustees or a copy of the Declaration of Trust as amended, and executed by a majority of the Trustees, shall be conclusive evidence of such amendment when lodged among the records of the Trust.

ARTICLE X. MISCELLANEOUS.

Section 10.1 Governing Laws. This Declaration of Trust is executed by the Initial Settlers and delivered in the Commonwealth of Pennsylvania and with reference to the laws thereof, and the rights of all parties and the validity and construction of every provision hereof shall be subject to and construed according to the laws of the Commonwealth of Pennsylvania.

Section 10.2 Counterparts. This Declaration of Trust may be simultaneously executed in several counterparts, each of which shall be deemed to be an original, and such counterparts, together, shall be constituted one and the same instrument, which shall be sufficiently evidenced by any such original counterpart.

Section 10.3 Adoption by Pennsylvania Municipal Entities. A municipal entity of the Commonwealth of Pennsylvania may become a Settlor of this Trust by taking appropriate corporation action to adopt this Declaration of Trust and furnishing the Trust with satisfactory evidence that such corporate action has been taken. A copy of this Declaration of Trust may be adopted through incorporation by reference into the ordinance or resolution of such municipal entity, and a certified copy of such ordinance or resolution shall constitute satisfactory evidence of adoption contemplated by this Section.

The Pennsylvania Local Government Investment Trust is sponsored by the following Pennsylvania local government associations.



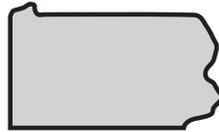
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