

NEWS RELEASE

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CONTACT: David Richwine, Beeler Communications
717.495.3774, dave@beelercommunications

NEW LAW ENABLES PLGIT TO EXPAND INVESTMENT OPTIONS FOR LOCAL GOVERNMENTS **Municipalities, schools and others gain greater flexibility in investing public funds**

HARRISBURG, Pa. — Pennsylvania has nearly 5,000 local governments, school districts and other municipal authorities that use short term investments to generate interest on operating and reserve funds prior to their expenditure. Today, a new law, Act 10 of 2016, has removed certain outdated constraints placed on municipal investors, enabling them to seek higher earnings on the funds they invest on behalf of taxpayers.

HB 1296, which was introduced by Representative Kate Harper, was signed into law on March 25, 2016 giving municipal investors a greater range of investment vehicles that offer increased diversification and the potential for more competitive yields. The Pennsylvania Local Government Investment Trust (“PLGIT”) immediately announced it has developed enhanced liquid and fixed-rate investments tailored to fit the guidelines of the law.

“The new authority to invest in high-quality bank and corporate instruments should provide a more level investing field for schools and local governments,” says Marty Margolis, chief investment officer at PFM Asset Management LLC (“PFMAM”), PLGIT’s investment advisor.

PLGIT was created exclusively to provide investments to municipal and school investors in the Commonwealth of Pennsylvania. The Trust, along with its seven state-wide sponsoring associations (County Commissioners Association of Pennsylvania, Pennsylvania Association of School Administrators, Pennsylvania Municipal League, Pennsylvania Municipal Authorities Association, Pennsylvania State Association of Boroughs, Pennsylvania State Association of Township Commissioners, and Pennsylvania State Association of Township Supervisors), has been a key player in advocating for expansion of investment options. With the law’s passage, and subject to its effective date of May 24, 2016, PLGIT expects to make new investment instruments available to its 2,900 investors and to other municipalities and schools across the state.

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

Under the new law, Pennsylvania joins 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 mandates appropriate risk-management requirements. The newly allowed investments are consistent with the best practices prescribed for local governments by the Government Finance Officers Association (“GFOA”), a leading national organization (www.gfoa.org).

“State law requires a very high level of security and safety for investment of public funds,” says Thomas McElhone, Shaler Township Commissioner and PLGIT’s Board President. “These new investment

instruments will present schools and local governments with an opportunity to earn a higher yield for their operating and reserve funds and still aim to provide a high level of safety in investments.”

“As a member of the PLGIT Board of Trustees, and a representative of a PA First Class Township, I’m pleased at what Act 10 will provide for PA local governments and the citizens they serve,” McElhone says.

For more information about Act 10, visit: <http://www.legis.state.pa.us/>

For more information about PLGIT, visit www.plgit.com.

About PLGIT

PLGIT was created in 1981 to meet the short-term investment needs of local governments, school districts, municipal authorities, and other types of governments in the Commonwealth of Pennsylvania. As of December 31, 2015, PLGIT serves more than 2,900 public entity investors across the Commonwealth and cooperatively invests more than \$3 billion across multiple programs. PLGIT is sponsored by: County Commissioners Association of Pennsylvania, Pennsylvania Association of School Administrators, Pennsylvania Municipal League, Pennsylvania Municipal Authorities Association, Pennsylvania State Association of Boroughs, Pennsylvania State Association of Township Commissioners, and Pennsylvania State Association of Township Supervisors.