

CAP COG MEETING

MARCH 21, 2022

Notes from the CAP COG meeting:

- 1) Presentation on PLGIT which was formed in 1981 allowing local governments to pool their money for investing purposes. PLGIT is governed by an 11 member Board of Trustees, with 606 boroughs and 3101 total government investors. The FDIC covers investments up to \$250K. The full powerpoint is attached.
- 2) Dauphin County just joined CAP COG and 14 more members are possible.
- 3) On March 13th, the Claremont sale/settlement was finalized.
- 4) CAP COG is considering joining the South Bridge/I-83 litigation.
- 5) The SAFER grant (for recruiting more volunteer firefighters) committee has met with 18 of the 22 fire departments to assess needs so far. The web address will be: *capitalregionfirefighter.org*

Submitted 3/26/22

Sue Yenchko

Introduction to PLGIT

Capital Region Council of Governments – Board of Delegates
March 21, 2022



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PLGIT Foundations

- Prior to PLGIT, there were limited options for local government investments
- The **Pennsylvania Local Government Investment Trust** was formed in May 1981 as an instrumentality of local governments and schools for the purpose of jointly investing funds
- Solely comprised of Pennsylvania government entities
- The Trust's investment policy follows PA codes for permitted investments
- Since inception, PFM Asset Management LLC ("PFMAM") has served as PLGIT's investment adviser

**PLGIT is the Sponsored Short-Term Investment Option
of Seven Statewide Associations**



PLGIT Board of Trustees



- PLGIT's 11-member Board of Trustees is comprised of government officials just like you
- The Board meets quarterly to review the activity and performance of the Trust's portfolios and programs
- The Board also has several standing committees that meet regularly to review investor services, contracts, the annual audit, and investor education efforts
- An annual shareholder proxy process elects the Board of Trustees

PLGIT Trustee	Association Represented	PLGIT Trustee	Association Represented
Sandra Bartosiewicz – President	PMAA	Dennis Hameister	PSATS
Kathleen DePuy – Vice President	PSAB	Crandall O. Jones	PML
Dr. Samuel Lee – Secretary/Treasurer	PASA	Dr. Thomas Lesniewski	PASA
Julie Bookheimer	CCAP	Anna Swailes	PSATS
Kim Buchanan	PASA	John V. Thomas	PSATC
Ronald Evanko	PSAB		

PLGIT's Impact in Pennsylvania

3,101* public entities in Pennsylvania are PLGIT Investors

Authorities	577	School Districts	485
Boroughs	606	School Intermediate Units	28
Cities	49	Townships of the 1 st Class	85
Counties	54	Townships of the 2 nd Class	910
Other	259	Area Vocational Technical Schools	48

\$6.9 Billion* in assets under management

Types of Funds Typically Invested in PLGIT

Operating Funds	Payroll	Escrowed Funds
Short-term Reserves	Debt Service Reserves	Liquid Fuels
Capital Reserves	Bond Proceeds	Act 13 Funds

Why Investors Join PLGIT



Safety – Preservation of principal as a primary objective



Liquidity – Ability to meet expected cash needs



Yield – Competitively shop every purchase and sale for the best price

Compliance with legal restrictions

- State statutes (always)
- Investment policies

Balance between Risk and Return

Diversification – An alternative investment option, including variable and fixed-rate options

Convenience – PLGIT provides many of the same services as a local bank

The PLGIT Model vs. Traditional Banks

PLGIT

- Not-for-profit Trust
- No separate fees on money market accounts
- Free checking
- No reserve requirements
- No balance requirements
- Investments permitted by PA Code
- Only market is PA Local Governments and Schools
- Same interest rates available to all investors, regardless of entity size
- No physical branch, but serves all of PA

Bank

- For profit – shareholders
- May have hidden and stated fees
- May charge for checks, etc.
- 10% reserve requirement
- May charge balance requirements
- Bank may not know permitted investments
- Local government is one of many markets
- Banks are selective when offering interest rates
- Regional and local branches

What is FDIC?

- The Federal Deposit Insurance Corporation (FDIC) is an independent agency of the United States government, and protects depositors against the loss of their insured deposits in the event an FDIC-insured bank or savings association fails. The FDIC insurance is backed by the full faith and credit of the United States government.
- FDIC covers deposits for one Individual, School District or Local Government Entity up to \$250,000 per banking institution.
 - Not per bank branch
 - Not per bank account

Example: A local government places the following in a single bank (or combination of that bank's branches)

- \$250,000 checking account
- \$100,000 savings account
- \$100,000 Certificate of Deposit

Result:

\$250,000 insured

\$200,000 uninsured

Act 72 of 1971

- Does not apply to investments in PLGIT
- Funds in excess of FDIC insurance limits
 - Collateralized under Act 72 of 1971
 - PA State Statute for local governments and school districts
- Collateral may be individual securities or a pool of securities, or Letter of Credit from a bank such as FHLB
- Considerations
 - Collateral is valued at face value not market value
 - Collateral may not be consistent with local governmental investment code
 - Custodian of the collateral may be the bank's own trust department
 - Need to check total amount of public deposits being collateralized against the total market value of the pool
 - A collateralization agreement can be used

PLGIT Portfolios & Programs

Liquid, variable rate options



PLGIT-Class

- No minimum balance
- Daily liquidity
- ACH, checkwriting and wires
- Easily direct deposit state subsidies
- No Act 10 Investments



PLGIT/Reserve-Class

- \$50,000 minimum initial investment
- Daily liquidity
- Two monthly withdrawals
- Transactions processed online
- No Act 10 Investments



PLGIT/PRIME

- No minimum balance
- Daily liquidity
- Two monthly withdrawals
- Includes Act 10 Investments

Fixed rate, fixed maturity options



PLGIT/TERM

- Fixed-rate, fixed-term investment
- Investments can be made from \$100,000 and up
- Principal and dividend paid at maturity
- Customized maturity dates available
- Includes Act 10 Investments

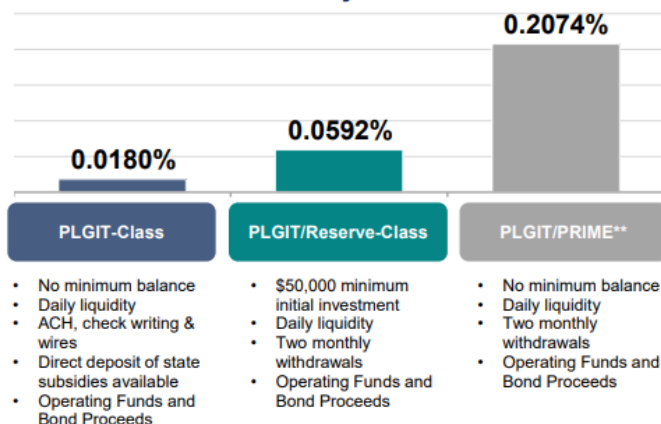


PLGIT – CD Purchase Program

- Fixed-rate investment in FDIC-insured CDs
- CDs in banks meeting PLGIT's minimum capitalization standards
- Investments from \$95,000 and up

PLGIT Investment Rates

PLGIT 7-Day Yields*



PLGIT/TERM**

- Fixed-rate, fixed-term investment
- Investments can be made from \$100,000 & up
- Principal & dividend paid at maturity
- Customized maturity dates available

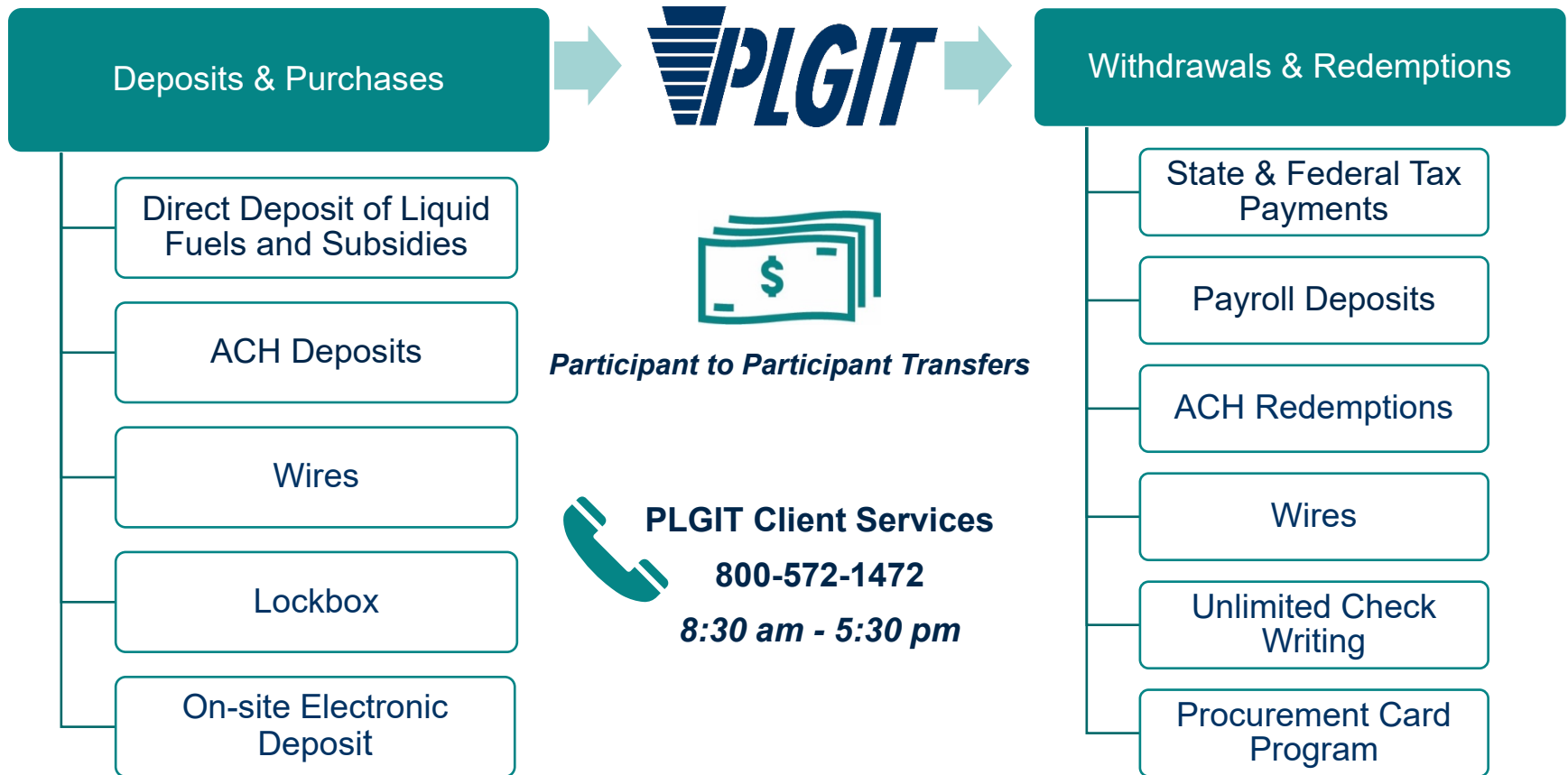
Maturity	Date	Net Rate
60 Days	May	0.47%
90 Days	June	0.75%
120 Days	July	0.90%
150 Days	August	1.00%
180 Days	September	1.10%
210 Days	October	1.15%
240 Days	November	1.20%
270 Days	December	1.30%
300 Days	January	1.17%
330 Days	February	1.24%
365 Days	March	1.31%

PLGIT-CD Purchase Program

- Fixed-rate investment in bank CDs meeting PLGIT's minimum capitalization standards
- Investments from \$95,000 up to an amount where principal & interest does not exceed FDIC insurance for that institution

Maturity	Date	Net Rate
60 Days	May	0.25%
90 Days	June	*
120 Days	July	0.05%
150 Days	August	0.17%
180 Days	September	0.70%
210 Days	October	0.70%
240 Days	November	0.70%
270 Days	December	0.75%
300 Days	January	0.75%
330 Days	February	0.75%
365 Days	March	0.85%

Cash Management Services



Additional Services



Banking Analysis



Cash Flow Analysis



Cash Allocation Program



Procurement Card Program



Direct Deposit of Payroll & Subsidies



Checkwriting

Disclaimer

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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 Trust's Investment Adviser, PFM Asset Management LLC.

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

The Pennsylvania Powercard Program (the "Program") offers a Procurement Card (a "P-Card"), issued by Harris Bank, N.A., and marketed by PFM Financial Services LLC. PLGIT is a Program sponsor and the Program is marketed to PLGIT Investors. PLGIT receives no compensation for its sponsorship and the Trust is indemnified against any liabilities or costs relating to the Program.

Federal Reserve Update

pfmam.com

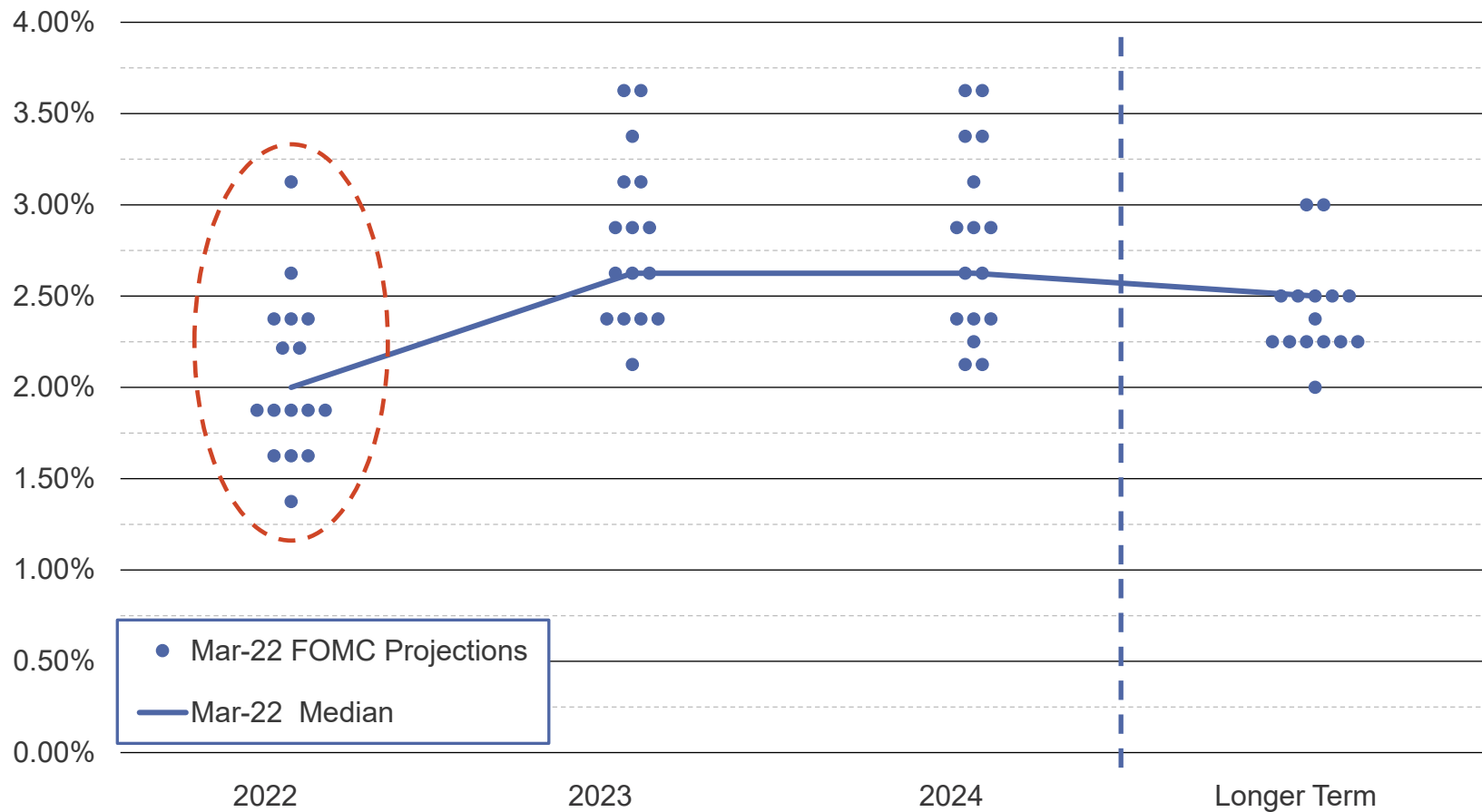
PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Federal Reserve Officials Project At Least 7 Rate Hikes in 2022

Federal Reserve
Update

Fed Participants' Assessments of 'Appropriate' Monetary Policy

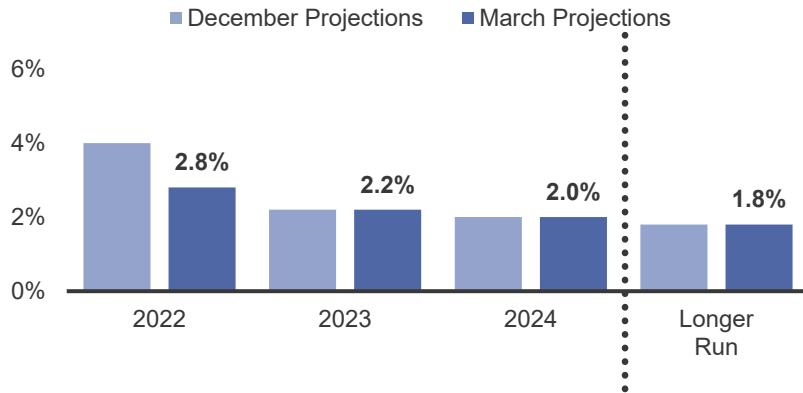


Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

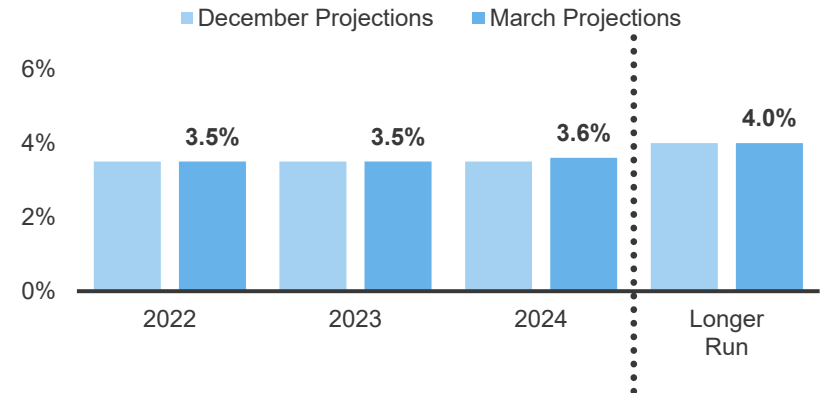
Fed's Projections Show Recent Surge in Growth and Inflation to Wane

Federal Reserve
Update

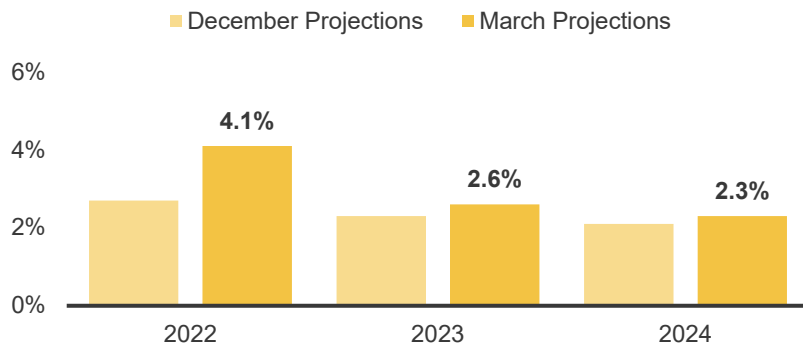
Change in Real GDP



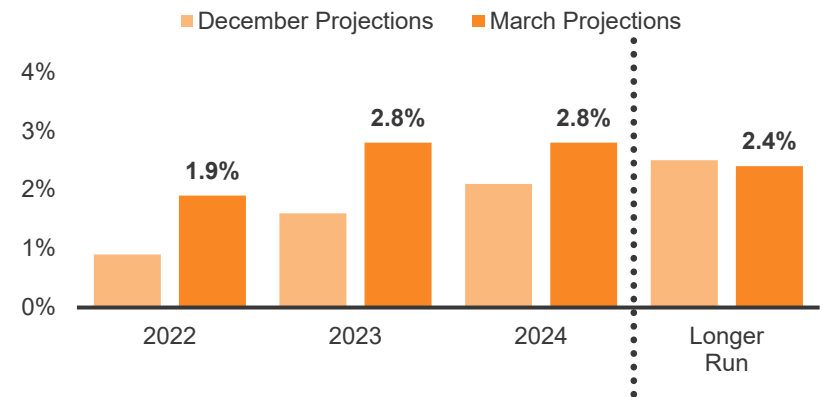
Unemployment Rate



Core PCE Inflation



Federal Funds Rate



Source: Federal Reserve, latest economic projections as of March 2022.

FOMC Raises Federal Fund Rate and Signals Shrinking of Balance Sheet

Federal Reserve
Update

Highlights from the March 16, 2022 FOMC Meeting

- ▶ Indicators of economic activity and employment have continued to strengthen...***job gains have been solid in recent months, and the unemployment rate has declined substantially.***
- ▶ Inflation remains elevated, **reflecting supply and demand imbalances related to the pandemic, higher energy prices, and broader price pressures.**
- ▶ The invasion of Ukraine by Russia is causing tremendous human and economic hardship. The implications for the U.S. economy are **highly uncertain**, but in the near term the invasion and related events are **likely to create additional upward pressure on inflation and weigh on economic activity.**
- ▶ The Committee decided **to raise the target range for the federal funds rate at ¼ to ½ percent** and anticipates that **ongoing increases** in the target range will be appropriate.
- ▶ The Committee **expects to begin reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities at the coming meeting.**

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