

Policy/Information Briefing Summary

Board of Supervisors



Regarding: Proposed PLGIT Investments

Prepared By: Amy Heinrich, Finance/HR Director, Treasurer

Date Prepared: October 3, 2022

Date Presented: October 5, 2022

ACTION FORCING EVENT

With interest rates on the rise, it is now time to reinvest our monies in interest-bearing accounts and investments.

BACKGROUND

Short-term investment, checking and savings accounts have paid little to no interest for many years. With rates rising, it is now time to reinvest a substantial portion of our funds.

Pennsylvania government entities are very limited in what they are allowed to invest in. The Pennsylvania Local Government Investment Trust (PLGIT) was formed in May 1981 to specialize in this arena and provide more investment options and advisory services customized to government. PLGIT is solely comprised of Pennsylvania government entities. The Trust's investment policy follows PA codes for permitted investments.

ANALYSIS

PLGIT is currently offering rates that vary from 2.68% with no liquidity restrictions to 4.05% for their 1-year Certificate of Deposits (CDs). These rates have just risen substantially since the Federal Reserve actions last week.

I am recommending that we re-invest a portion of our cash balances to earn more interest. This would include the liquid FDIC portion of the TD Ameritrade account (\$1.74M), fraud recovery funds (\$2.7M), a portion of our general operating account (\$1M), Special Grant Revenue account (ARPA) (\$892K) and our Traffic Impact fee account (\$127K). We will continue to review the smaller accounts to evaluate timing of any potential need for cash. The above recommendation is a total of \$6.5M which is estimated to earn \$222K per year in interest at the current proposed rates. Where laddering is recommended, I will stagger the CD terms commitments to optimize the investment returns given our cashflow and capital plan needs.

Our current cash balances are shown below along with a full schedule of PLGITs rates as of October 3, 2022. They can change daily but the term or CD products would be locked for the respective timeframe. Given that I am the bonded Treasurer, PLGIT does not need the Board to sign the documents. However, internal practice involves including the Board on all major money movements and account changes.

RECOMMENDED MOTION

To approve the re-investment of \$6,473,182.45 from various current bank and investment accounts to new PLGIT accounts following the included schedule.

Kennett Township - Recommended re-investment into PLGIT investment options

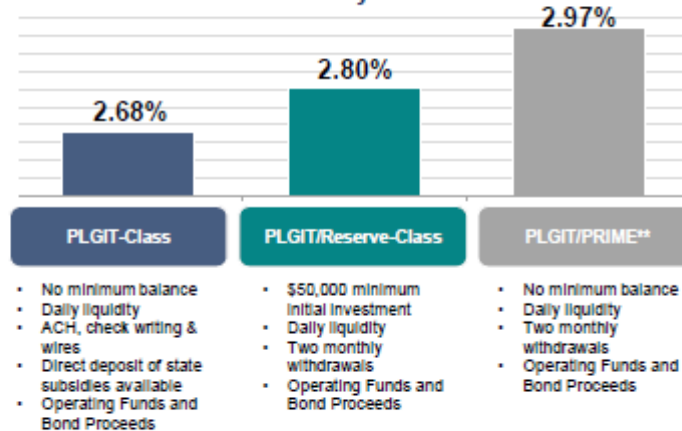
As of Date:		10/03/2022					
Cash and Cash Equivalents	Current Bank Account	Current Balance	Recommended Re-investment Amount	PLGIT Investment Choice	Current Rate	Annual Interest	Recommendation
General Fund	TD Ameritrade Investment Acct	1,919,581.26	1,744,832.77	Laddered CDs	3.73%	64,995	Reinvest \$1.744M earning .15% (15 bps) into PLGIT. Remainder is in GNMA securities that have an unrealized loss. Not ready to sell.
General Fund	Fraud Recovery x3340	2,709,026.99					Close Account and invest as follows:
	General Fund Liability to Open Space	(783,457.00)					General Fund Liability to Open Space; not at full recovery so we have not decided how much and when to repay.
	General Fund Liability to Sewer Fund	(543,986.00)	1,327,443.00	PLGIT Reserve Class	2.80%	37,168	Open and when to repay. Sewer; not at full recovery so we have not decided how much and when to repay.
	Remainder of Fraud Recovery	1,381,583.99	1,381,583.99	Laddered CDs	3.73%	51,464	Reinvest for laddered CDs
General Fund	General Fund x3030	2,376,348.95	1,000,000.00	PLGIT Class	2.68%	26,800	Reinvest portion not needed for liquidity in next 3 months (\$1M).
General Fund	EMS Fund x3003	11,579.27					Close -- account no longer in use. Fold into Fulton General Fund x3030
General Fund Total		7,070,677	5,453,860			180,427	
Grant Special Rev	Grant Special Rev x3125 Updated	892,203.01	892,203.01	210-Day CD	4.10%	36,580	Earmarked for Sewer
Traffic Impact	Traffic Impact Fund	127,119.68	127,119.68	1-Year CD	4.05%	5,148	No plans for use in next year
Total Recommended for Reinvestment at this time		8,090,000.15	6,473,182.45			222,156	
Further review required							
Capital Fund	Capital Fund x2137	302,538					
Open Space	Fee In Lieu x2155	47,458					
Open Space	Open Space x2173	1,764,828					Review timing of potential acquisitions before recommending reinvestment approach.
Open Space	TD Open Space x7078	1,467,219					Review bond proceed options with PLGIT given legal constraints
		3,279,506					
Sewer	Sewer Fund x3012	398,897					Operating Account -- keep as checking account
Liquid Fuels	State Hwy Aid Fund x2182	339,098					Heavily regulated - keep as checking account. 2022 to be invoiced very soon.
Library Fund	Library Fund x2164	9,097					
Escrow	Escrow Fund x2146	592,964					Liquidity needed
Total Cash and Cash Equivalents		12,958,020					



PLGIT Investment Rates

As of October 3, 2022

PLGIT 7-Day Yields*



- No minimum balance
- Daily liquidity
- ACH, check writing & wires
- Direct deposit of state subsidies available
- Operating Funds and Bond Proceeds

- \$50,000 minimum initial investment
- Daily liquidity
- Two monthly withdrawals
- Operating Funds and Bond Proceeds

- No minimum balance
- Daily liquidity
- Two monthly withdrawals
- Operating Funds and Bond Proceeds

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	December	3.33%
90 Days	January	3.73%
120 Days	January	3.88%
150 Days	March	4.03%
180 Days	April	4.25%
210 Days	May	4.28%
240 Days	May	4.28%
270 Days	June	4.33%
300 Days	July	4.33%
330 Days	August	4.38%
365 Days	October	4.45%

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	December	2.55%
90 Days	January	3.35%
120 Days	January	3.35%
150 Days	March	3.35%
180 Days	April	3.40%
210 Days	May	4.10%
240 Days	May	3.40%
270 Days	June	3.35%
300 Days	July	3.35%
330 Days	August	3.35%
365 Days	October	4.05%

*The current seven-day yield, also referred to as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally \$1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7. Past performance is not indicative of future results and yields may vary. The yields shown above may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Trust. Trust yields would be lower if there were no such waivers.

**Rate reflects investment in Act 10 permitted investments. See Page 2 for additional important disclosure information.

--- End of Memo --- PLGIT Brochure to follow --