REGIONAL TRANSPORTATION COMMISSION OF WASHOE COUNTY (RTC)
INVESTMENT COMMITTEE MEETING

Monday **1:00 p.m.** **April 20, 2022**

PRESENT:

Stephanie Haddock, CGFM, RTC Director of Finance/CFO
Christian Schonlau, RTC Director of Finance/CFO
Bill Thomas, AICP, RTC Executive Director
Jelena Williams, RTC Financial Manager
Nelia Belen, RTC Accountant
Monique Spyke, Managing Director, PFM Asset Management LLC
Wale Kajopaiye, Senior Managing Consultant, PFM Asset Management LLC

The RTC Investment Committee Meeting was held on April 20, 2022 at 1:00 p.m. via Zoom and was called to order by Stephanie Haddock. The following business was conducted:

ROLL CALL

Present: Stephanie Haddock, Christian Schonlau, Jelena Williams, Nelia Belen, Bill Thomas, Monique Spyke and Wale Kajopaiye

Item 1 APPROVAL OF AGENDA

Stephanie Haddock opened the meeting and asked for a motion for approval of the Agenda. Jelena Williams moved to approve and Nelia Belen seconded. Motion passed.

Item 2 PUBLIC INPUT

Stephanie Haddock asked if there were any public comments. As there were none, we moved onto the approval of the January 24, 2022 meeting minutes.

Item 3 APPROVAL OF MINUTES

Stephanie Haddock asked if everyone had a chance to look at the minutes, and if there were any changes or comments? As there were no change or comments, Jelena Williams moved for approval of the minutes, with Nelia Belen seconding. Motion passed.

Item 4 DISCUSSION OF THE RTC DEBT SERVICE RESERVE INVESTMENT PERFORMANCE AND POSSIBLE APPROVAL OF A RECOMMENDATION TO BE PRESENTED TO THE RTC BOARD OF DIRECTORS

Wale Kajopaiye from PFM Asset Management discussed the Investment Performance Review packet for the Quarter ended March 31, 2022, for the Regional Transportation Commission of Washoe County.

Wale Kajopaiye: We will start with the Market Update and we'll get through Agenda Items, Account Summary and Portfolio review.

Looking at the market update, a lot has changed since the last Quarter of 2021. One of the biggest impacts we've seen in the market is the impact of Russia invading Ukraine. We've seen a spike in commodity prices especially in energy, which has created a lot of geopolitical uncertainty as to when this invasion will end. We've also seen a lot of market volatility in the stock and bond markets since that invasion.

When we look at the US economy, we still have a very strong labor market, with more jobs open than people to fill them. We've seen inflation so high that we haven't seen this in the last 40 years, and because of this, we are starting to see more depressed consumer confidence. We've also seen a huge pivot in the monetary policy of the Federal Reserve in their tightening cycle, which initiated in the 1st Quarter of this year. They will continue to hike rates on the short end starting in 2022, and will be looking to decrease the size of their balance sheet.

When we look at treasury yields, we've seen the 2-year note rise significantly. At one point, it was above the 10-year yield. We've seen that inversion of yield curve, which some say could be a warning sign of a future recession, so that is something we are closely monitoring.

When we look at the inflation numbers, this gives us an idea of where we are seeing a lot of the inflation in the markets. The biggest place we're seeing it is in used cars and trucks. Also seeing it in energy, food, medical care and things like that. The Feds inflation target is usually somewhere around 2% on average and we are well above that now at 8.5%. Therefore, the Fed is doing some changes in their policy to get a handle on controlling inflation.

The first chart gives us sort of a narrative or story of how the Feds stance has changed as we've seen the unemployment numbers and the inflation numbers change over time going back to December 2020. We were at 2.6% at the end of the 1st Quarter 2021. The Fed says they were trying to achieve a moderate inflation number of somewhere around 2%, then that number doubled as unemployment continued to decrease. They said that inflation was somewhat transitory, even though the inflation number was at 5.4%, and then we started getting unemployment rates well below 5%. At the end of 2021, we saw a huge pivot when we saw the spike in inflation jump to 7%. A lot of that had to do with energy prices and due to supply chain issues that have not abated just yet. They've taken the word "transitory" out of their language and we're hoping with the rate hikes they are planning to achieve throughout this year, that they can get inflation under control.

If you look at the number of rate hikes between last year and this year at the same time, we were scheduled for zero rate hikes, and now we're scheduled to see roughly about seven rate hikes moving forward.

This gives an idea of how the conflict in Ukraine is affecting different commodity prices in the markets. It gives you an idea of what roll Ukraine and Russia play in these markets, so we can see that Russia is a big supplier of crude petroleum and refined petroleum and then also coal and gold. We can see that Ukraine is a huge supplier of seed oils, corn, wheat, iron, ore and semi-finished iron. The good thing is that the US is not a huge trading partner in any of these commodities, but it is affecting other countries, such as China, Poland, Russia, and especially a lot of the European countries based on this conflict.

We have an idea of some of the increases in the commodities that we're seeing in retail and gasoline we're seeing that price above $6.00. Soy beans, wheat, copper and aluminum are all commodities that are being affected by this conflict right now.

This gives us an idea of some of the mixed economic data that we're seeing. CPI numbers are very elevated, the consumer confidence is starting to decrease, unemployment is getting better, and retail sales month over month are sort of in the middle. So, we're seeing a lot of mixed data in different areas of the market, but again, these are things we are monitoring to see if something possibly more detrimental, as far as a recession is concerned, is somewhere down the road.

When we look at the yield curve, we've seen a huge spike in the yields, especially on the short end of the treasury yield curve. So, if we look at and focus on the three month to the two year range, we see a huge change in the yield curve compared to where it was at the end of the year in 2021. We can see that slight inversion of the 2-year and 10-year treasury as of the end of the 1st Quarter. The huge spike in yields that we saw had a negative impact on bond prices or the market value of bonds, remember that they have an inverse relationship. So, when you look at bond prices in their 1st Quarter returns, whether you are on the short end of the curve or the long end of the curve, we see that had a negative impact on the total returns for bonds for the year. The good thing is as the yields increase that allows investors to start reinvesting new monies or assets at high yield and securities moving forward. That is something we haven't seen in quite some time since the Fed reduced interest rates.

We look at the historical returns from a quarter-to-quarter performance, and we can see that the 1St Quarter of 2022 was probably one of the worst years on the records. Median average returns for the 1-5 year treasury index was somewhere around 1.09%, and we can see that we were well below that in the 1st Quarter 2022, mainly because of that huge spike in interest rates in the 1st Quarter.

When we look at other sectors, where there have been opportunities on the yield curve, many of the opportunities are in Corporates and Asset Backed Securities. I know that the current portfolio does not invest in those asset classes, but there have been some opportunities in corporates and asset backed securities because spreads have widened. So, when we look at spreads in those two categories compared to treasuries, they have presented some opportunities in those areas because of that.

Here we are looking at the 3-year yield curve and historical data of how things have been over time and we can see that again this last quarter, or so far year to date based upon the 1st Quarter data that we have for 2022, we've seen some negative impact in securities. I will point out that if looked at the 3-year yield curve and we looked at 2017 to 2019, we can see that rates did increase over that time frame, but we see that the returns were still positive in 2017, 2018 and 2019. One of the things to keep in mind is that over time as we start to reinvest the assets in higher yields and securities, we should start to see hopefully some positive returns down the road when we have a more of a long term view in mind. Eventually, the assets will have higher yield in securities and those yields will generate positive returns and hopefully when interest rates stabilize we'll start to see more positive returns down the road. A longer term view is what we're looking at as we manage the current portfolio.

There is a little more commentary and color around the different sectors, which you can read at your leisure. We look at the sectors where we are feeling more positive, looking at Corporate Financials, Asset Backed Securities, Commercial paper and Industrials, again mainly because as we see spreads widen that presents more opportunities to invest those securities in higher yielding positions.

Any questions so far on the overall market commentary? Seeing none, we'll move along.

When we look at the portfolios $7.9 million in assets, it is mainly comprised of two different asset classes, U.S. Treasuries and Federal Agencies. A lot of the asset classes in the portfolio are going to be weighted mostly on that shorter end of the curve that 1-2 year space, then also on the less than 1-year space. As the assets on the shorter end of the perpetuity mature, that will present us the opportunity to reinvest those monies into higher yielding securities.

When we look at the yield market for current yields at the end of the 1st Quarter, roughly about 2% compared to the yield at cost at 0.32%. Right now the yield at cost is lower than the yield at market, but that should change over time as we start to reinvest some of those assets in the higher limited securities. Currently, portfolio durations are at 1.5.

Looking at the sector allocations and the limits, we are well within compliance within the Treasuries and the Federal Agency limits that the investment policy gives us, so that is good to see. When we look at the rating of the securities in the asset classes, very highly rated in the Federal and U.S. treasury stakes.

Moving onto the portfolio review and into a little bit more detail with assets in the portfolio, which are mainly U.S. Treasuries and U.S. Federal Agencies. Very high credit quality and effective duration of 1.49 years. Still some money in cash as well in the portfolio at about $27 million.

When we look at how the portfolio has changed over the last two quarters, the main change we've seen is that we added and continue to add US Treasuries, so currently US Treasuries make up about 28% or about $2.2 million of the current portfolio as of the end of the 1st Quarter of 2022.

We look at accrued interest, so for the first three months of the year we've accrued interest about $12,000. When we look over the 1-year, 3-year and 5-year since conception time, we see that that number has grown steadily. Again, we're not in a portfolio that has any negative yield and security, so our accrued interest over time will always remain positive.

Lastly, we look at the interest earned when we look at the comparison between the 2nd Quarter, 3rd Quarter and 4th Quarter of last year, we can start to see as yields have started to climb up slowly, we've seen an increase in the accrued interest in the portfolio over time. This gives us an idea of the distribution.

Stephanie Haddock: The question I have is probably on that last slide, when is the request to reinvest going to come, did I see June?

Monique Spyke: You have about 25% of the portfolio that is in short-term investments, so it likely would be over the next few months looking at reinvestment opportunities for those. As Wale mentions, interest rates have risen significantly since we purchased the investments and our goal is to try to redeploy some of these assets in higher yielding assets. The yield at the cost of the portfolio is about 32 basis points. Market rates have risen to about 2%. To the extent that we can reinvest some of the shorter term maturities and capture those higher yields we'll be doing so, but we'll be evaluating specifically those short term investments in the portfolio.

Stephanie Haddock: Do you think that will probably happen within the next 3-6 months?

Monique Spyke: I think 3-6 months is probably a good time frame on that.

Stephanie Haddock: Are you going to look at Corporates too, because we are allowed a little bit of Corporate and I saw that is doing well too. Is that still hard to get?

Monique Spyke: The struggle with the corporate market is that we had wanted to invest in corporates and then yield spreads came in significantly and they are just starting to widen out. For your portfolio, we are balancing a few things, one is diversification. We don't want to invest a significant portion of the portfolio into corporate markets because of diversification sake, we also want to make sure that we are diversifying by the corporates that we use, so that requires us to buy smaller pieces of corporate notes up where the portfolio, so it's hard finding that sort of "sweet spot" in there. As yields continue to rise and as spreads get wider, those opportunities may look more attractive, so you may a see corporate recommendation from us in the future.

Bill Thomas: I had a couple questions. Is $8 million our obligation that we have to have set aside for the debt? Is there an absolute amount of money we have to have?

Stephanie Haddock: Yes there is, I don't know off the top of my head or remember what that is, I don't think it's actually $8 million, it's slightly under that. What our actual reserve has to be, is 125% of our debt service on the bonds outstanding on the 2010 bonds.

Bill Thomas: If I understand our snapshot now, I thought I saw one at about $7.8 million and we were at $8 million? Did we go down? I'm trying to understand our mix, because we don't have any equities right? We just have debt, bonds, notes and things that are an investment where they are supposed to pay us interest on those. Is that a fair characterization?

Wale Kajopaiye: Yes, so the portfolio is comprised of interest bearing securities, so bonds, treasuries and federal agencies.

When interest rates rise, what happens is that the current market interest rates of a 2-year bond are paying 1%. As interest rates rise, and let's say that rate goes up to 2%, the demand for that 1% bond you currently own goes down, and the price goes down, but you don't really accrue a loss on the securities unless you sell that security at a loss. What happens is it is an unrealized loss on the value of the security. Bonds have an inverse relationship with interest rates, so if interest rates go up, current market values go down, if interest rates go down, current market values of older yielding bonds go up. So, there is an inverse relationship between the two.

Bill Thomas: So, when we look at our portfolio, as interest rates go up and the bonds we purchased before interest rates went up, what you're telling me is that in the market, if we wanted to sell those has gone the other direction, right? We wouldn't want to buy a 1% note if the market is at 3%. So, this is a reflection of the value, because if we were to liquidate those bonds, this is what we would have? Is that a good way of putting it?

Wale Kajopaiye: Correct. So, if you sold the entire portfolio, let's just say you cashed everything out, then that would be the value of your portfolio. Obviously we wouldn't do that, but that is one way to look at it and you are correct.

Bill Thomas: Then our strategy would be, I think Monique you said it, to maybe buy some better yielding as we look at what's going on and reposition ourselves and buy some bonds that make more?

Monique Spyke: Yes, that is correct. Just to put some of that in context Bill, and using Wale's excellent example, it may be worthwhile to sell a portion of your portfolio at a slight loss. If you can hook that loss, but then triple or quadruple your investment income, that would sort of cover the small loss you made on any partial sale portfolio. So those are the types of things we are going to be evaluating over the next six months and typically targeting that 25% of the portfolio you have available in this sort of 0-1 year area.

Christian Schonlau: Monique, just reaching back to my finance classes, there is a point in the bond that I believe is the duration period, or you're indifferent to interest rate changes. So is that what you're talking about when you look to see if it is worthwhile selling at a loss?

Monique Spyke: Yes and that's a great question because when I talk about that sort of 0-1 year area, that's the portion of your portfolio that is less sensitive. That has a shorter duration to interest rate changes, so the value of the bonds in that portion of your maturity structure is not going to fluctuate as wildly as the bonds that are longer durations. Those are the sort of targeted bucket that we would be looking at for some of that analysis.

Wale Kajopaiye: Does anyone have any other questions? No other questions.

Stephanie Haddock: So, there is no recommendation for the Board at this time. It will be another 3-6 months before we have anything. Christian, how that works for your benefit, when they do go to sell our bonds they will be sending an email to you for you to approve that trade. The sale and the new purchase.

Item 5 MEMBER ITEMS

Stephanie Haddock asked if anyone had any member items. Being none, we moved onto public input.

Item 6 PUBLIC INPUT

Stephanie Haddock asked if there was any public input. Being none, we moved to adjournment.

Item 7 ADJOURNMENT

Stephanie Haddock asked for a motion for adjournment. Bill Thomas gave a motion to adjourn, which was seconded by Jelena Williams. Motion carried unanimously and meeting was adjourned.

The meeting adjourned at 1:28 p.m.

Christian Schonlau
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Christian Schonlau
Director of Finance/CFO
Regional Transportation Commission

WASHOE COUNTY REGIONAL TRANS COMMISSION

Investment Performance Review
For the Quarter Ended March 31, 2022

Client Management Team

PFM Asset Management LLC

Monique Spyke, Managing Director
Robert Cheddar, CFA, Managing Director

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415-393-7270

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

Agenda

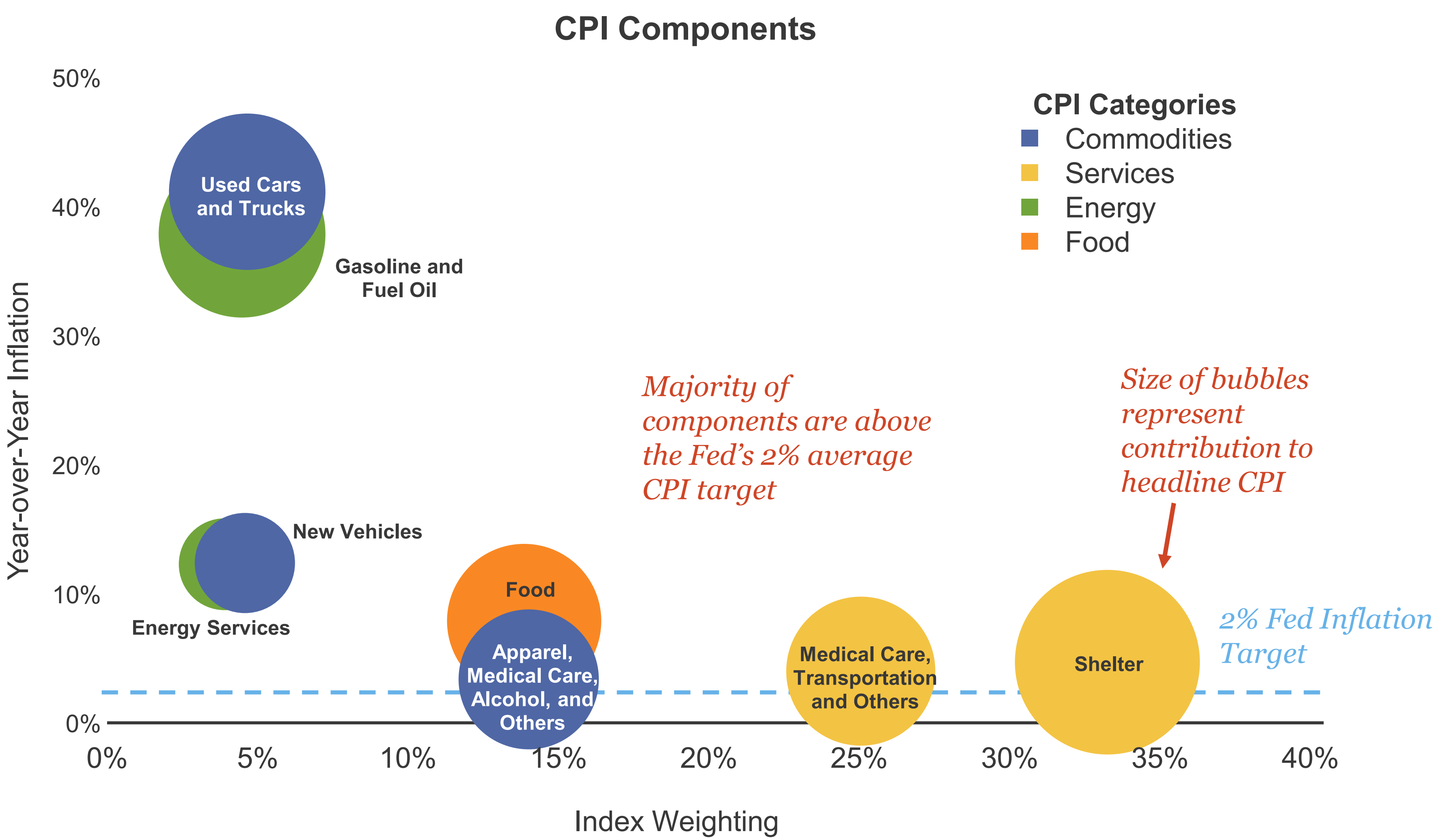
- Market Update
- Account Summary
- Portfolio Review

Market Update

Current Market Themes

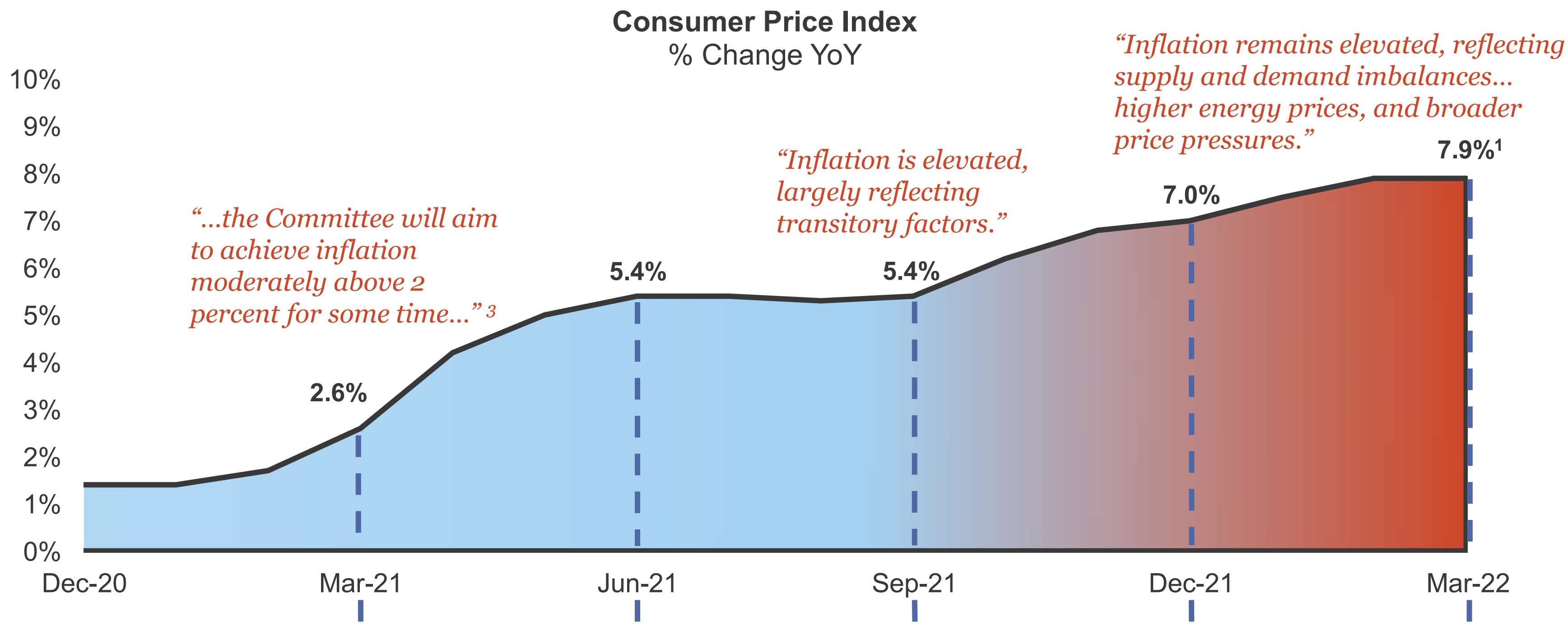
- Invasion of Ukraine impacted the economic landscape
  - Commodity prices soared, especially energy
  - Created significant geopolitical uncertainty
  - Triggered market volatility
- The U.S. economy is characterized by:
  - A strong labor market
  - Inflation at a 40-year high
  - Depressed consumer confidence
- The Federal Reserve is tightening monetary policy
  - Initiated the first of what will be many rate hikes in 2022
  - Balance sheet reduction likely to start soon
- U.S. Treasury yield curve has partially inverted
  - Yield on 2-year Treasury notes rose above the 10-year Treasury
  - One early, but imperfect warning sign for a future recession

Inflation is Prevalent Throughout the Economy



Source: BLS. Gov, data as of February 2022.

Federal Reserve Policy Has Lagged Surging Inflation



Indicators	Mar 2021	Jun 2021	Sept 2021	Dec 2021	Mar 2022
Unemployment Rate	6.0%	5.9%	4.7%	3.9%	3.6%
2-Year Treasury Yield[1]	0.16%	0.25%	0.28%	0.73%	2.34%
Fed Projections					
# of 2022 Rate Hikes[2]	0	0	0	3	7

Source: Bloomberg, data as of 4/01/2022.
1. March's CPI is assumed to remain unchanged from February's CPI reading of 7.9%; Treasury yields are as of month-end.
2. Calculated using the 2022 median Federal Funds rate from the FOMC Summary of Economic Projections. Assumes 0.25% rate hikes.
3. Quotes are sourced directly from FOMC press release statements.

Russia's Invasion of Ukraine Impacts Global Commodity Markets, But Has Limited Impact on U.S. Economy

Russia (12th largest)

Global Production Share of Top 5 Exports	
Crude Petroleum	11%
Refined Petroleum	10%
Petroleum Gas	9%
Gold	4%
Coal Briquettes	15%

Top 5 Trading Partners	
China	15%
United Kingdom	8%
Netherlands	7%
Belarus	5%
Germany	4%

Ukraine (58th largest)

Global Production Share of Top 5 Exports	
Seed Oils	39%
Corn	12%
Wheat	9%
Iron Ore	3%
Semi-Finished Iron	12%

Top 5 Trading Partners	
China	14%
Poland	6%
Russia	6%
Turkey	5%
Egypt	4%

Source: Observatory of Economic Complexity (OEC); as of March 2022.
Data is based on 2020 exports.

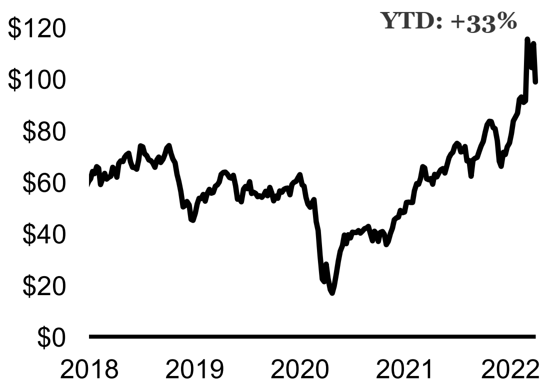
Invasion Has Put Additional Pressure on Supply Chains and Commodity Prices

Energy

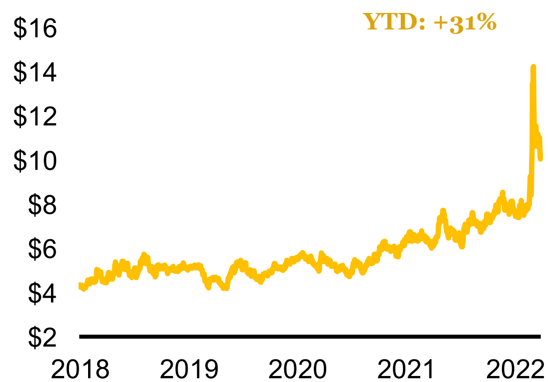
Agriculture

Industrial Metals

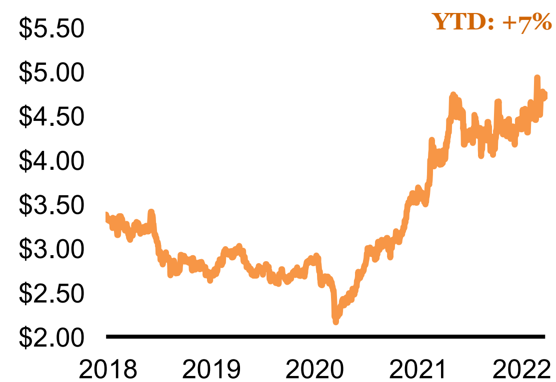
WTI Crude Oil (per barrel)



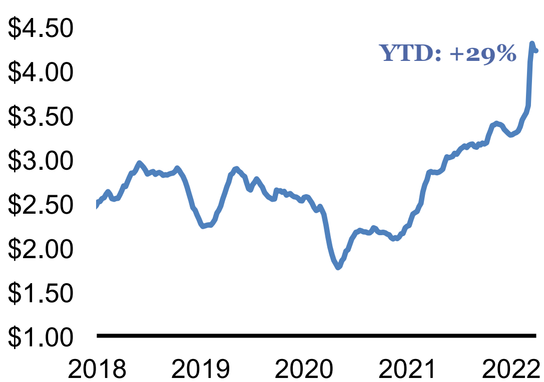
Wheat (per bushel)



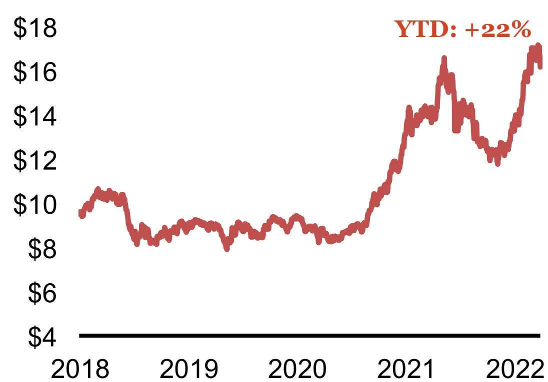
Copper (per lb.)



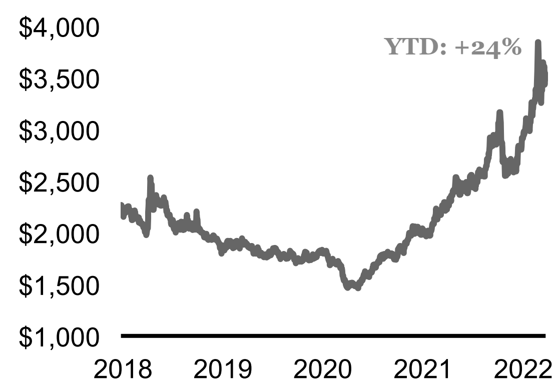
Retail Gasoline (per gallon)



Soybean (per bushel)

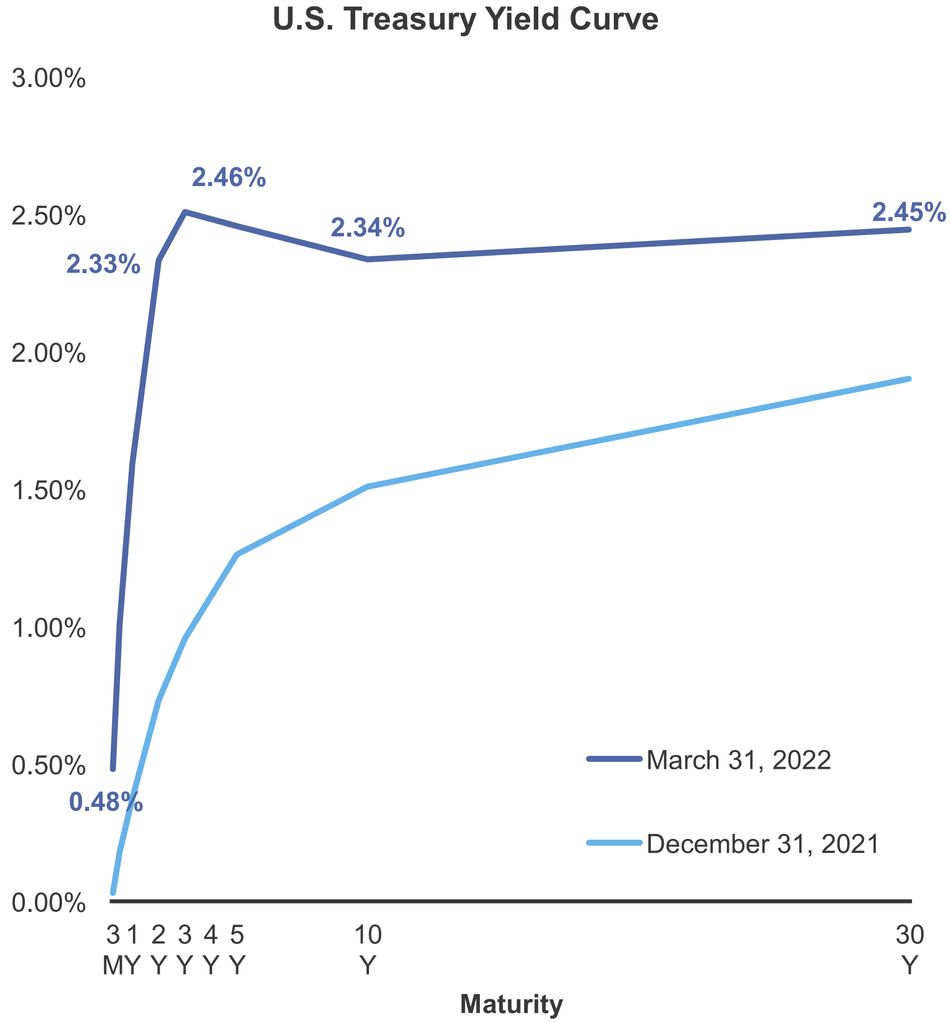


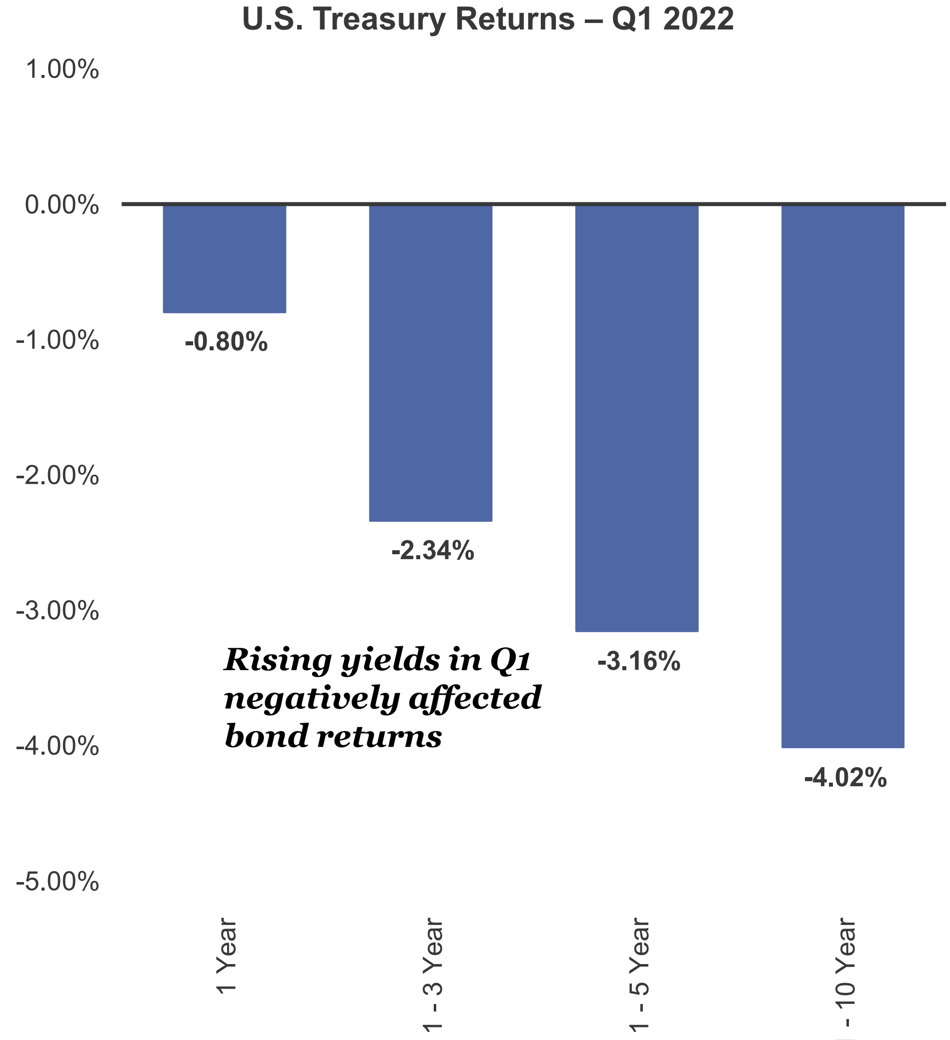
Aluminum (per metric ton)



Source: Bloomberg, as of 3/31/2022.

Treasury Yield Curve Partially Inverted; Sharp Rise in Yields Has Negatively Impacted Returns



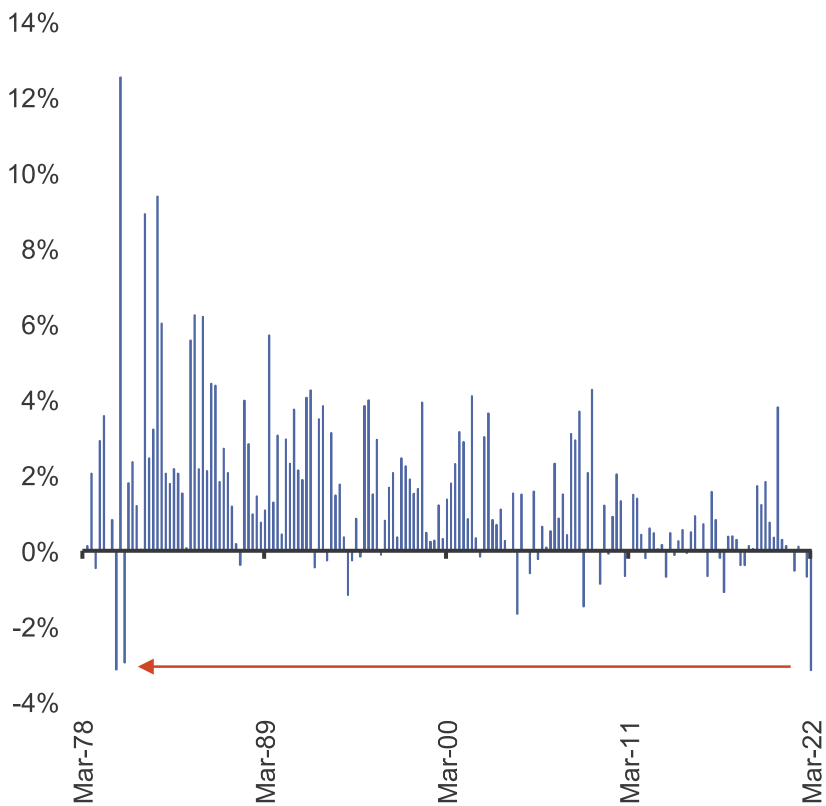


Source: Bloomberg, as of 3/31/2022.

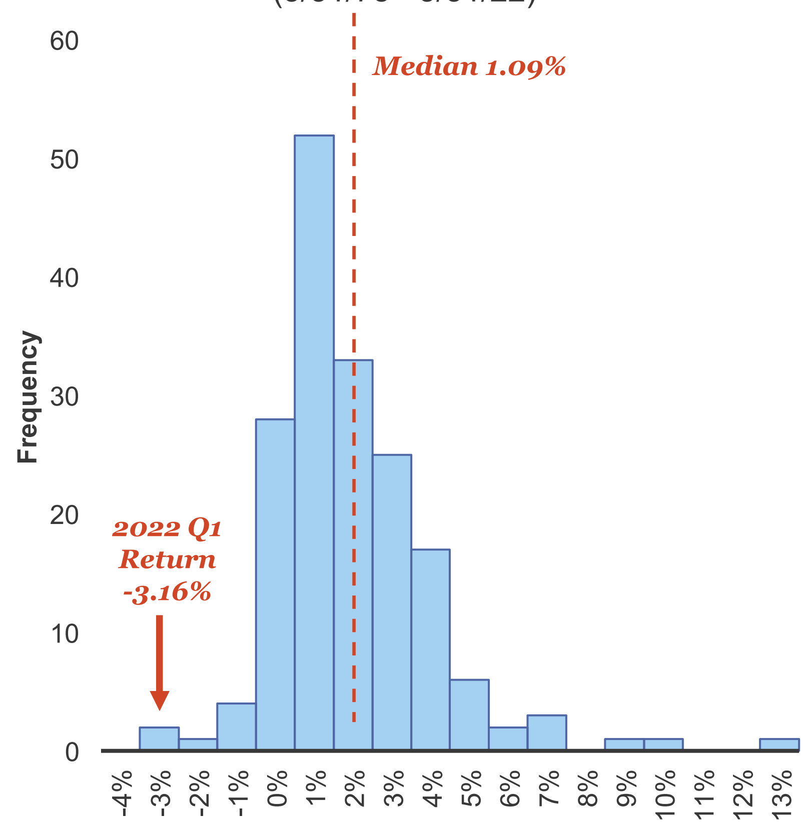
Worst Performance in Over 40 Years

ICE BofA 1-5 Year Treasury Index

Quarterly Performance
(3/31/78 - 3/31/22)

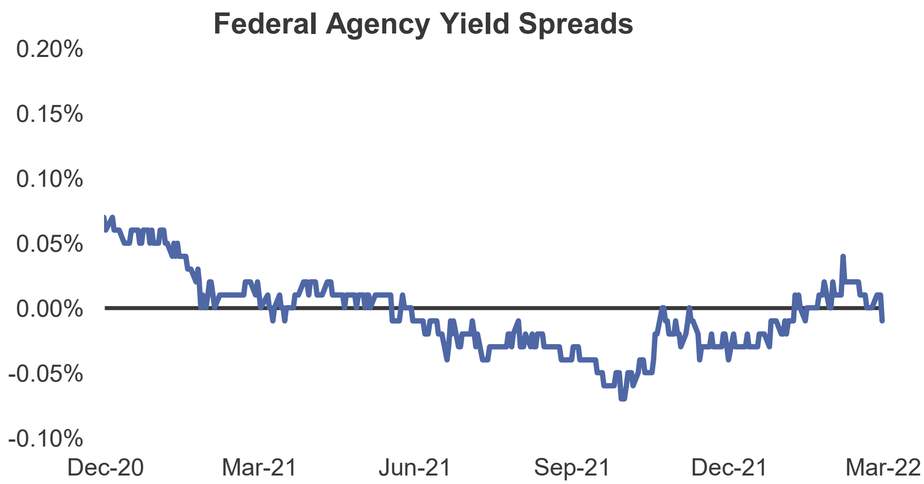


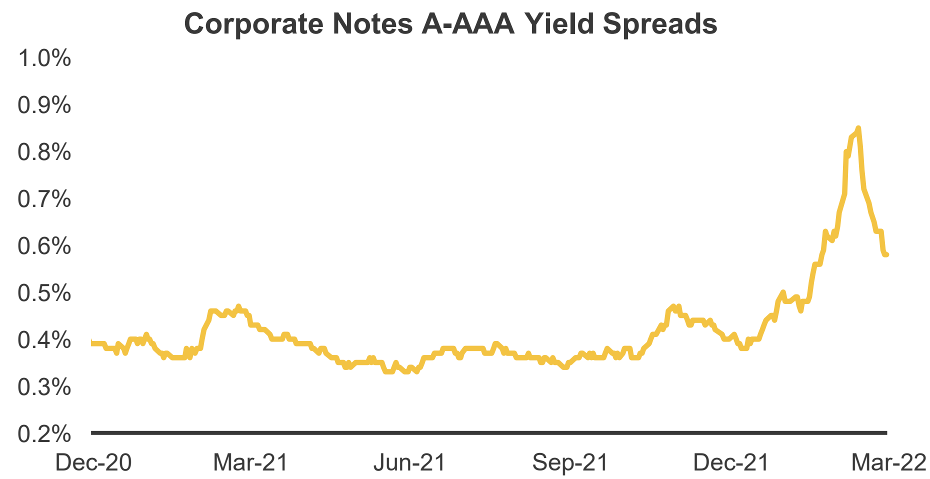
Distribution of Quarterly Returns
(3/31/78 - 3/31/22)

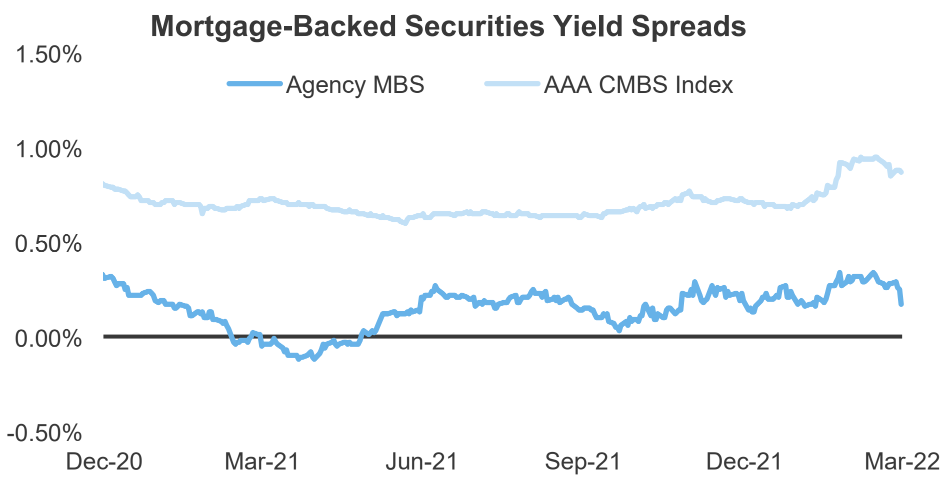


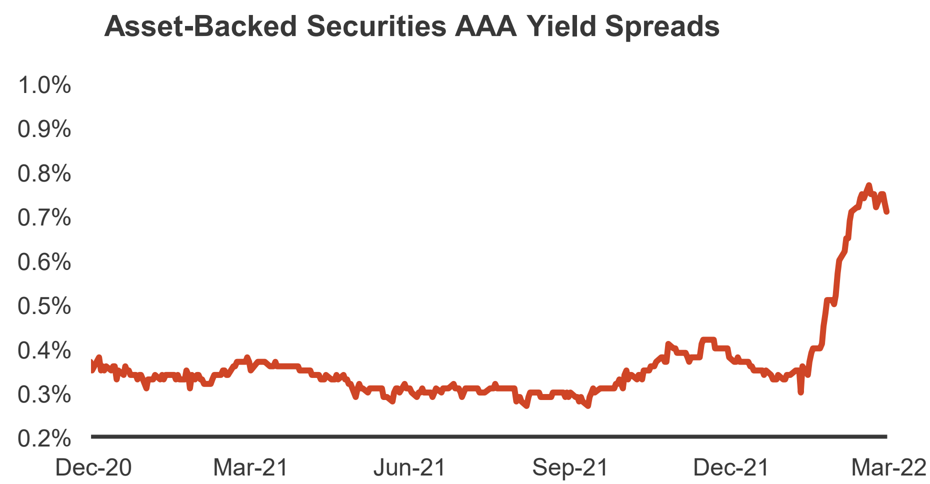
Source: Bloomberg, as of 3/31/2022.

Sector Yield Spreads Have Widened in Q1 2022





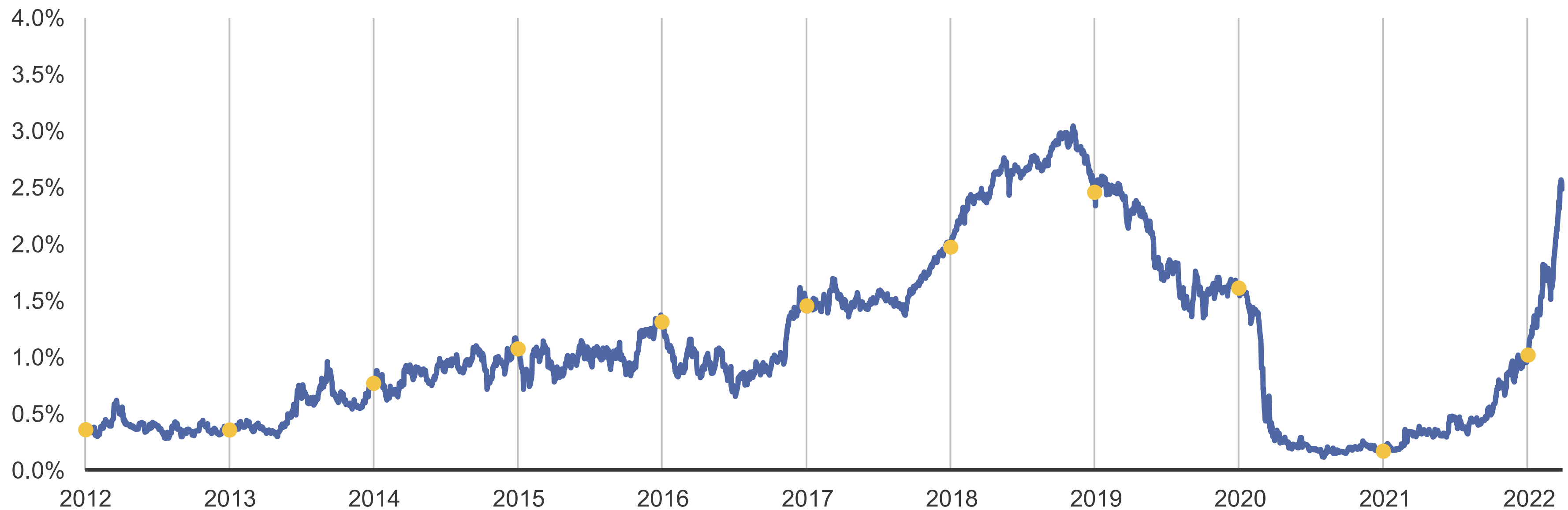




Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 3/31/2022. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

Performance Has Historically Suffered as the Fed Raised Rates

3-Year Treasury Yield

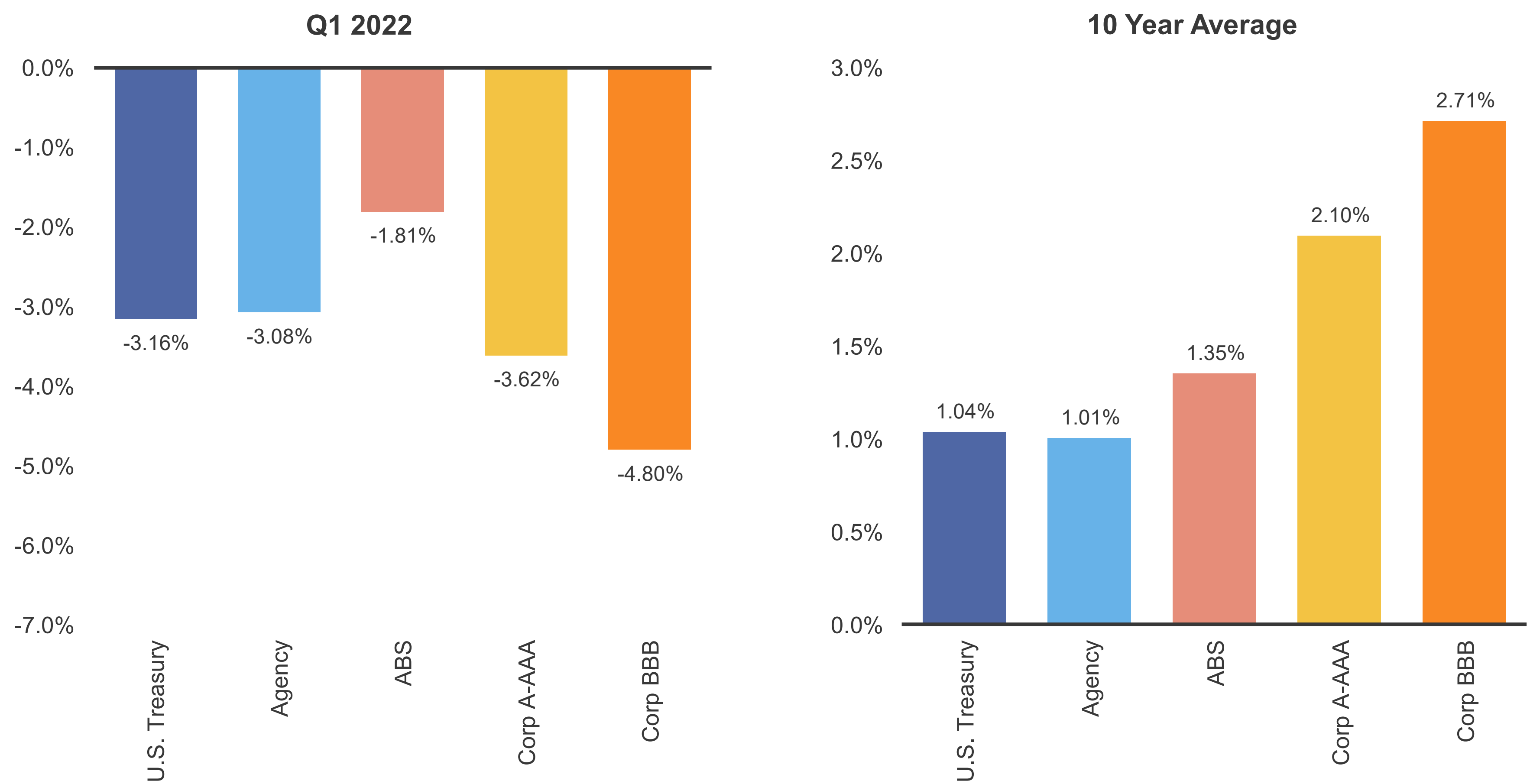


Annual Returns of the ICE BofAML 1-5 Year Treasury Index										
2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**YTD**
0.91%	-0.19%	1.24%	0.98%	1.09%	0.65%	1.52%	4.20%	4.25%	-1.10%	-3.16%

Source (graph): Bloomberg, data as of 3/31/2022. Source (table): ICE BofAML Indices, data as of 3/31/2022.

Rising Rates and Wider Spreads Hurt Fixed-Income Returns in Q1

1-5 Year Indices

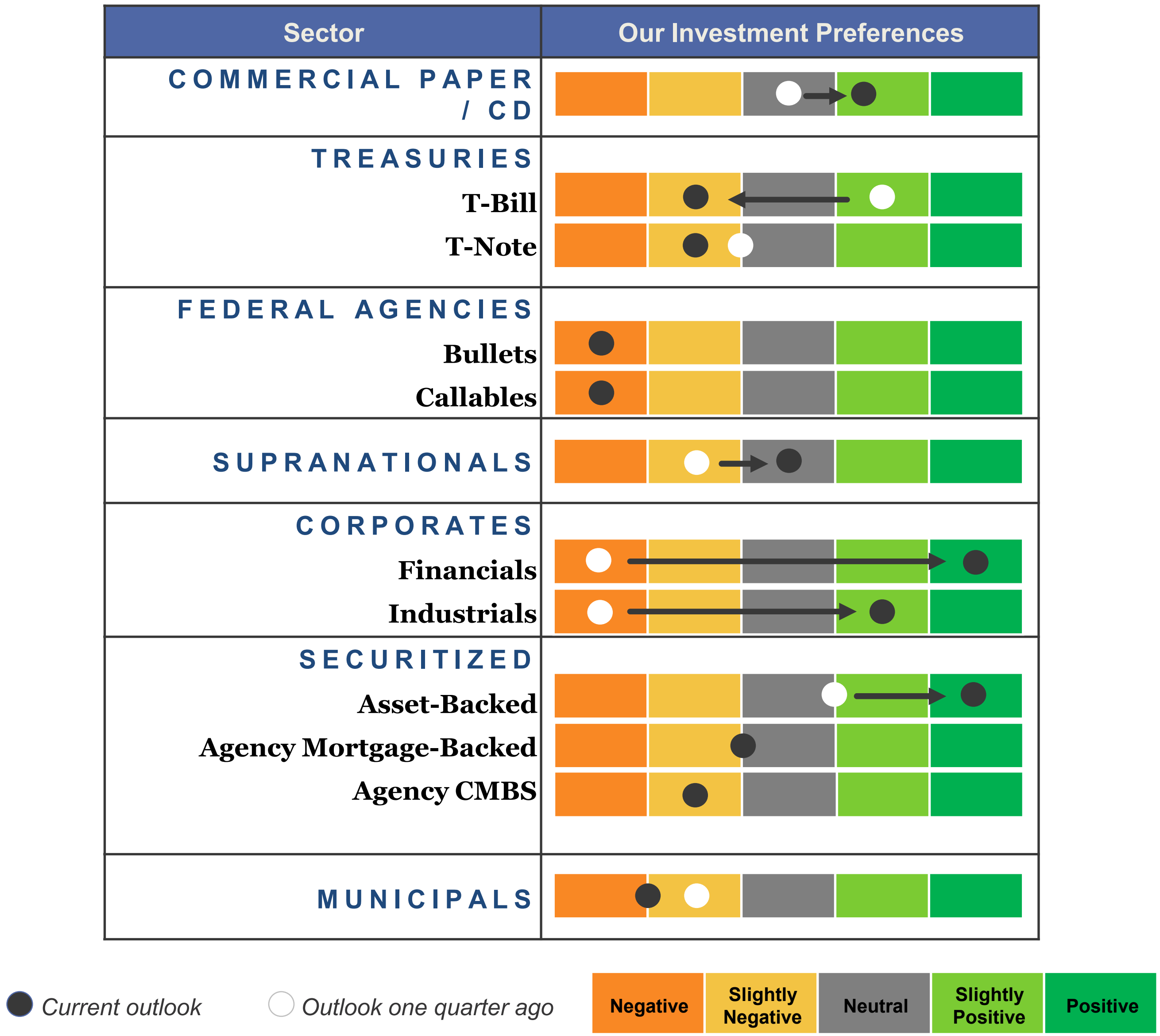


Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of 3/31/2022.

Fixed-Income Sector Commentary — 1Q 2022

- **U.S. Treasury** securities generated negative performance as the market repriced for an aggressive Fed rate hike cycle, pushing yields higher across all maturities. By quarter-end, 2-year Treasury yields rose to 2.34%, the highest level since April 2019.
- **Federal agency** sector remained unattractive given the historically tight yield spreads and minimal pickup vs. Treasuries. While volatility pushed spreads wider on callable structures, the rising rate environment was not favorable for taking on increased optionality risk.
- **Supranational** spreads remained tight, and supply was limited as issuance lagged projections. New issue opportunities, while sporadic, remained the best entry point.
- **Corporate** credit spreads widened through the quarter, driven by rising global tensions and a less certain macro-economic environment. Yield spreads reached the widest levels since 2019 despite stable-to-strong fundamentals.
- **Asset-Backed** AAA-rated auto and credit card yield spreads increased toward 18-month wides. ABS offered relative value compared to corporates as spreads between the two widened during the quarter.
- **Mortgage-Backed Securities** continued to underperform. Prepayments experienced a material slowdown as rates rose, which lengthened durations and compounded the negative impact. The Federal Reserve is poised to begin reducing their MBS holdings, so weakness in the sector could persist. CMBS valuations remained below historical averages relative to Treasuries as spreads remained tight.
- **Taxable Municipal** securities deals remain heavily oversubscribed. Valuations remained stretched which warrants some selectively in the sector.
- **Commercial Paper and CDs** saw significant repricing to higher yields, especially on maturities greater than six months as issuers sought longer-term funding in response to Fed rate hike expectations.

Fixed-Income Sector Outlook – 2Q 2022



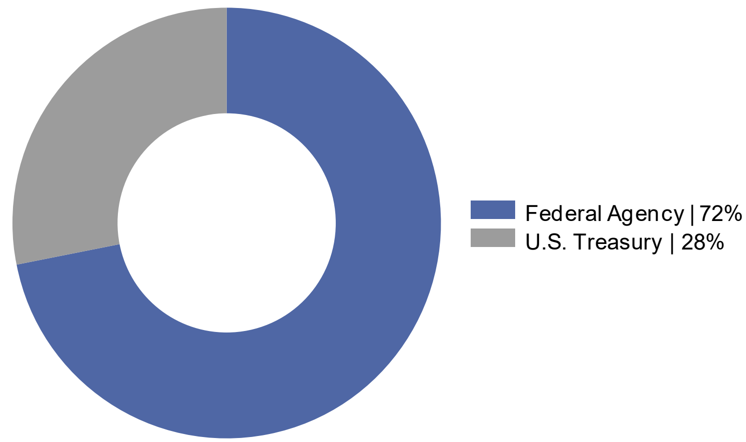
Account Summary

Consolidated Summary

Account Summary

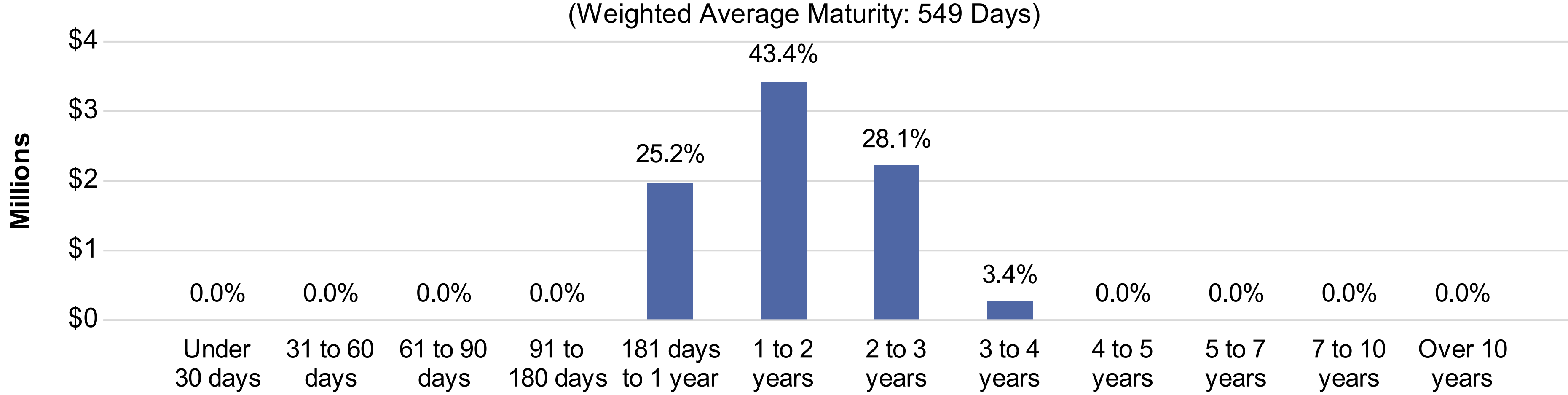
PFMAM Managed Account	$7,914,824
Total Program	**$7,914,824**

Sector Allocation



Maturity Distribution

(Weighted Average Maturity: 549 Days)



1. Account summary includes market values, accrued interest, cash and cash equivalents. Sector allocation and the maturity distribution include market values and accrued interest.

Account Summary

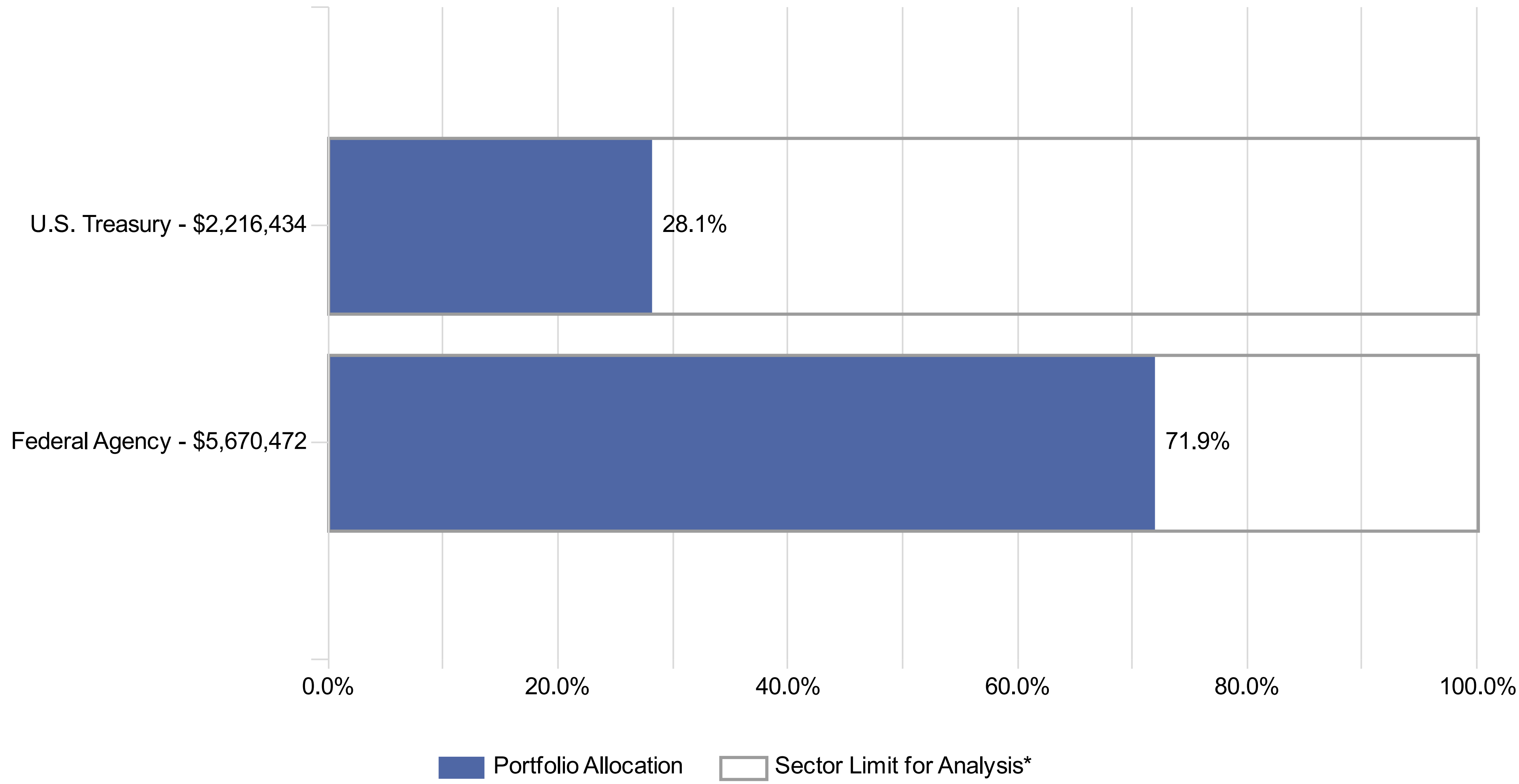
WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

Portfolio Values	March 31, 2022
PFMAM Managed Account	$7,877,818
Amortized Cost	$8,095,303
Market Value	$7,877,818
Accrued Interest	$9,088
Cash	$27,919

Analytics[1]	March 31, 2022
Yield at Market	1.99%
Yield on Cost	0.32%
Portfolio Duration	1.49

1. Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s), excludes balances invested in overnight funds.

Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.
**Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.*

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	**28.1%**	
UNITED STATES TREASURY	28.1%	AA / Aaa / AAA
Federal Agency	**71.9%**	
FANNIE MAE	31.0%	AA / Aaa / AAA
FEDERAL FARM CREDIT BANKS	25.2%	AA / Aaa / AAA
FREDDIE MAC	15.7%	AA / Aaa / AAA
Total	**100.0%**	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

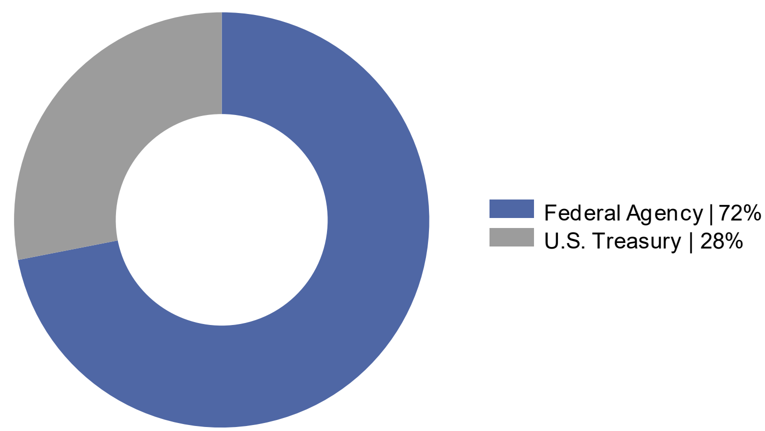
Portfolio Review:
WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

Portfolio Snapshot - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO[1]

Portfolio Statistics

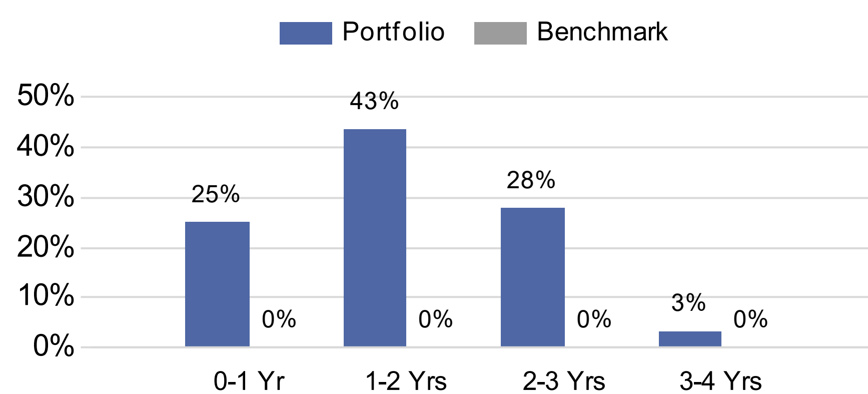
Total Market Value	$7,914,823.91
Securities Sub-Total	*$7,877,817.76*
Accrued Interest	*$9,087.57*
Cash	*$27,918.58*
Portfolio Effective Duration	1.49 years
Benchmark Effective Duration	N/A
Yield At Cost	0.32%
Yield At Market	1.99%
Portfolio Credit Quality	AA

Sector Allocation



Credit Quality - S&P

Duration Distribution



1. *Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interests. The portfolio's benchmark is N/A.. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.*

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	**28.1%**	
UNITED STATES TREASURY	28.1%	AA / Aaa / AAA
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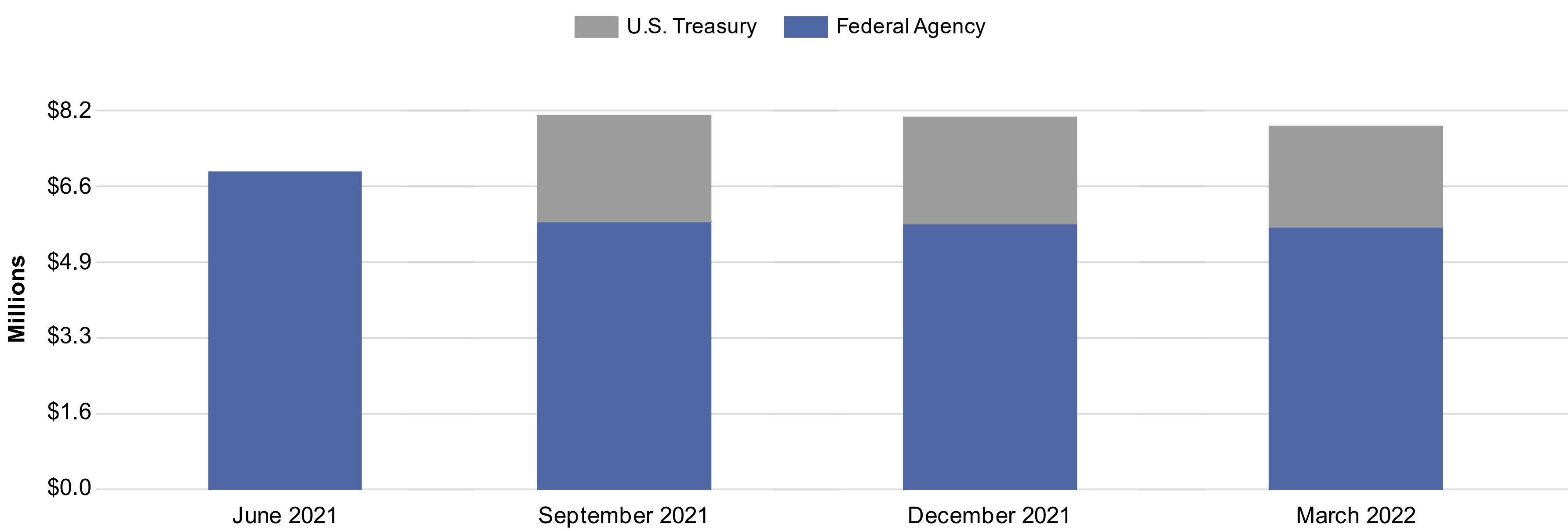
FREDDIE MAC	15.7%	AA / Aaa / AAA
Total	**100.0%**	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

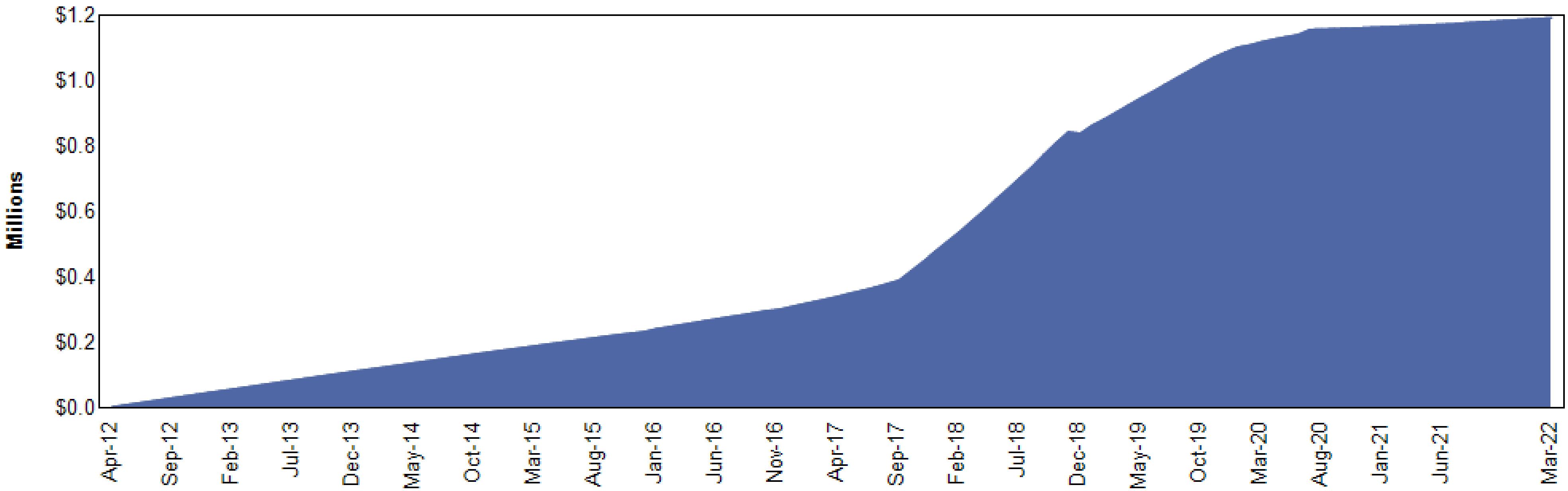
Sector Allocation Review - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO

Security Type	Jun-21	% of Total	Sep-21	% of Total	Dec-21	% of Total	Mar-22	% of Total
U.S. Treasury	$0.0	0.0%	$2.3	28.7%	$2.3	28.5%	$2.2	28.1%
Federal Agency	$6.9	100.0%	$5.8	71.3%	$5.8	71.5%	$5.7	71.9%
Total	**$6.9**	**100.0%**	**$8.1**	**100.0%**	**$8.0**	**100.0%**	**$7.9**	**100.0%**



Market values, including accrued interest. Only includes investments held within the separately managed account(s), excludes cash held in funds not managed by PFMAM. Detail may not add to total due to rounding.

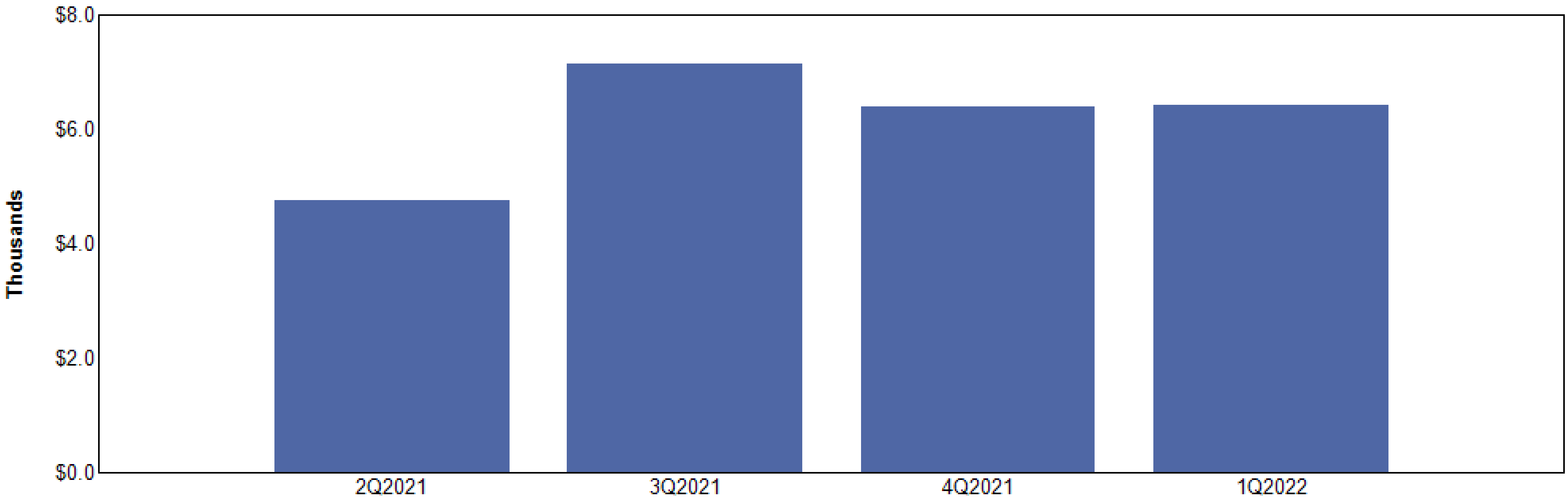
Accrual Basis Earnings - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	Since Inception[1]
Interest Earned[2]	$12,794	$37,316	$244,889	$726,277	$1,238,013
Realized Gains / (Losses)[3]	-	$1,564	$9,695	($26,621)	($25,476)
Change in Amortized Cost	($6,366)	($14,165)	$33,138	$158,410	($19,261)
Total Earnings	**$6,429**	**$24,715**	**$287,721**	**$858,065**	**$1,193,276**

1. *The lesser of 10 years or since inception is shown. Performance inception date is March 31, 2012.*
2. *Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.*
3. *Realized gains / (losses) are shown on an amortized cost basis.*

Accrual Basis Earnings - WASHOE RTC BOND PROCEEDS AGG PORTFOLIO



Accrual Basis Earnings	2Q2021	3Q2021	4Q2021	1Q2022
Interest Earned[1]	$3,442	$8,178	$12,902	$12,794
Realized Gains / (Losses)[2]	-	$1,564	-	-
Change in Amortized Cost	$1,303	($2,595)	($6,507)	($6,366)
Total Earnings	**$4,745**	**$7,147**	**$6,394**	**$6,429**

1. *Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.*
2. *Realized gains / (losses) are shown on an amortized cost basis.*

Issuer Distribution
As of March 31, 2022

Issuer	Market Value ($)	% of Portfolio
FANNIE MAE	2,443,883	31.02%
UNITED STATES TREASURY	2,209,922	28.05%
FEDERAL FARM CREDIT BANKS	1,984,968	25.20%
FREDDIE MAC	1,239,045	15.73%
Grand Total	**7,877,818**	**100.00%**

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY NOTES DTD 07/31/2019 1.750% 07/31/2024	912828Y87	2,245,000.00	AA+	Aaa	8/13/2021	8/16/2021	2,333,309.18	0.41	6,511.74	2,314,666.13	2,209,921.88
Security Type Sub-Total		**2,245,000.00**					**2,333,309.18**	**0.41**	**6,511.74**	**2,314,666.13**	**2,209,921.88**
Federal Agency											
FFCB NOTES DTD 11/23/2020 0.125% 11/23/2022	3133EMGX4	2,000,000.00	AA+	Aaa	11/16/2020	11/23/2020	1,996,180.00	0.22	888.89	1,998,765.04	1,984,968.00
FANNIE MAE NOTES DTD 07/10/2020 0.250% 07/10/2023	3135G05G4	2,500,000.00	AA+	Aaa	7/9/2020	7/10/2020	2,495,350.00	0.31	1,406.25	2,498,025.34	2,443,882.50
FREDDIE MAC NOTES DTD 08/21/2020 0.250% 08/24/2023	3137EAEV7	1,000,000.00	AA+	Aaa	8/25/2020	8/26/2020	998,810.00	0.29	256.94	999,444.74	974,489.00
FREDDIE MAC NOTES DTD 09/25/2020 0.375% 09/23/2025	3137EAEX3	285,000.00	AA+	Aaa	9/23/2020	9/25/2020	284,142.15	0.44	23.75	284,402.23	264,556.38
Security Type Sub-Total		**5,785,000.00**					**5,774,482.15**	**0.28**	**2,575.83**	**5,780,637.35**	**5,667,895.88**
Managed Account Sub Total		**8,030,000.00**					**8,107,791.33**	**0.32**	**9,087.57**	**8,095,303.48**	**7,877,817.76**
Securities Sub Total		**$8,030,000.00**					**$8,107,791.33**	**0.32%**	**$9,087.57**	**$8,095,303.48**	**$7,877,817.76**
Accrued Interest											**$9,087.57**
Total Investments											**$7,886,905.33**

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount ($)	Yield at Market	Realized G/L (BV)
INTEREST									
1/3/2022	1/3/2022		MONEY0002	MONEY MARKET FUND			0.02		
1/10/2022	1/10/2022	2,500,000.00	3135G05G4	FANNIE MAE NOTES	0.25%	7/10/2023	3,125.00		
1/31/2022	1/31/2022	2,245,000.00	912828Y87	US TREASURY NOTES	1.75%	7/31/2024	19,643.75		
2/1/2022	2/1/2022		MONEY0002	MONEY MARKET FUND			0.03		
2/24/2022	2/24/2022	1,000,000.00	3137EAEV7	FREDDIE MAC NOTES	0.25%	8/24/2023	1,250.00		
3/1/2022	3/1/2022		MONEY0002	MONEY MARKET FUND			0.12		
3/23/2022	3/23/2022	285,000.00	3137EAEX3	FREDDIE MAC NOTES	0.37%	9/23/2025	534.38		
Total INTEREST		**6,030,000.00**					**24,553.30**		**0.00**

Important Disclosures

This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation, as it was prepared without regard to any specific objectives or financial circumstances.

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It is not possible to invest directly in an index. The index returns shown throughout this material do not represent the results of actual trading of investor assets. Third-party providers maintain the indices shown and calculate the index levels and performance shown or discussed. Index returns do not reflect payment of any sales charges or fees an investor would pay to purchase the securities they represent. The imposition of these fees and charges would cause investment performance to be lower than the performance shown.

The views expressed within this material constitute the perspective and judgment of PFMAM at the time of distribution and are subject to change. Any forecast, projection, or prediction of the market, the economy, economic trends, and equity or fixed-income markets are based upon certain assumptions and current opinion as of the date of issue and are also subject to change. Some, but not all assumptions are noted in the report. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Opinions and data presented are not necessarily indicative of future events or expected performance.

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Important Disclosures

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- Accrued Interest: Interest that is due on a bond or other fixed income security since the last interest payment was made.
- Agencies: Federal agency securities and/or Government-sponsored enterprises.
- Amortized Cost: The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- Asset-Backed Security: A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- Bankers' Acceptance: A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- Commercial Paper: An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- Contribution to Total Return: The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- Effective Duration: A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- Effective Yield: The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- FDIC: Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- Interest Rate: Interest per year divided by principal amount and expressed as a percentage.
- Market Value: The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- Maturity: The date upon which the principal or stated value of an investment becomes due and payable.
- Negotiable Certificates of Deposit: A CD with a very large denomination, usually $1 million or more, that can be traded in secondary markets.
- Par Value: The nominal dollar face amount of a security.
- Pass-through Security: A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.