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

Tuesday **1:05 p.m.** **April 21, 2021**

PRESENT:

Stephanie Haddock, CGFM, 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

The RTC Investment Committee Meeting was held on April 21, 2021 at 1:05 p.m. via Zoom and was called to order by Stephanie Haddock. The following business was conducted:

ROLL CALL

Present: Stephanie Haddock, Bill Thomas, Jelena Williams, Nelia Belen and Monique Spyke

Item 1 APPROVAL OF AGENDA

Stephanie Haddock: It is 2:05 p.m. Can I can have a motion for approval of the Agenda?

Jelena Williams: I move to approve the Agenda.

Stephanie Haddock: I have a motion, can I have a second?

Nelia Belen: Second.

Stephanie Haddock: Thank you. All those in favor say Aye.

Response: Aye.

Stephanie Haddock: Motion passes.

Item 2 ***PUBLIC INPUT***

Stephanie Haddock: There is no public input, so we will move on to the approval of the April 21, 2021 meeting minutes.

Item 3 **APPROVAL OF MINUTES**

Stephanie Haddock: Did everyone have a chance to look at the minutes, and were there any changes that we needed to make?

Jelena Williams: I move for the approval of the minutes.

Nelia Belen: Second

Stephanie Haddock: All those in favor say Aye?

Response: Aye.

Stephanie Haddock: Motion passes.

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***

Monique Spyke: I'm going to start with the Market update and some of the recommendations we made last quarter. One of the things we really wanted to do this quarter was to try to find some corporate allocation for the portfolio, which we were unable to do, so I'll talk about that and also about what happened in the markets over the quarter as well.

One of the good things that has taken place has been that COVID-19 cases fell dramatically by about 66% in the United States. 95 million Americans received at least one vaccine by the end of the quarter. The reason this is good news, is as you know, there is a lot of hope that the fall in COVID cases with the vaccine will allow consumers to once again get back to normal activities, which will help propel the economy further and contribute positively to growth. In addition to the good news about the vaccine, is we also had some really good news in terms of relief bills. The American Rescue Plan was passed in March, and that not only helped distribute some funds to a lot of localities across the country, but it also provided more Americans with financial relief in the form of assistance checks. That spending a long with the other $1.9 Trillion in the plan is going to be a positive contributor to the economy and to growth.

In addition to that, a $2 Trillion infrastructure plan is now being contemplated, where a variety of different things like roads, bridges, broadband and childcare support could also provide some excellent support to the economy. It is thought that all of these things together will help propel a longer term yield higher.

GDP estimates have improved substantially with the passage of that new relief bill in March. What I show on Page 2 is the quarterly GDP forecast for 2021. The Q1 forecast back in November fell a little bit, but you can see it has risen over the year. It is estimated that the Q2 of this year will be the strongest quarter since the Pandemic and 2003. These are excellent projections as far as where the economy is going to go. Much of that is supported by the relief bill and the expected spending coming out of that from both consumers and localities where we are getting funds to support their operations.

Other things that are great positives is that the economic momentum has accelerated after the Q1. You can see on Page 3, consumer confidence which had taken a dive last year, and was a little bit up and down through 2020, has a shown a sharp increase. I think consumers are buoyed by the vaccine news, by the fall in COVID cases and of course by the stimulus which helps support people that benefited from those additional dollars. The manufacturing market index is basically survey data of the number of private companies, in terms of their outlook on the manufacturing sector. You can see that this survey points to expansion, which is a great trend for businesses, and investments are also on the rise. S&P 500, which as the equity market goes higher, that really supports people's views that there is still value in the equity markets and a fairly positive outlook on corporates.

On Page 4, this is my favorite because I think it's more relatable. This is what we call a High Frequency Data. On the top left, TSA Checkpoint shows essentially how many people are moving through the airport. We know TSA travel took a dive at the height of the Pandemic, but you can see really sharp increases, which means more people are traveling and as more people get vaccinated, that travel is expected to increase. CDC guidance has been that you can travel comfortably if you're vaccinated, which has been a boom to many who have been holding off on travel plans.

Other positives are open table reservations, this gives you an indication of how many people are making reservations to go out and eat. Again, huge dive back in February, but you can see those numbers have been steadily increasing. As states start opening and/or loosening restrictions on restaurants in terms of their dining capacity, hopefully you'll see that increase more and more.

Other things on this chart is the NY Feds Weekly Economic Index, which is sort of a summary of economic indicators that have also trended positive. Requests for directions in Apple Maps is an indication of people movement (driving, walking and transit directions). All categories have seen a general uptick, which means people are leaving the comfort of their homes and going places. These are all really positive indicators that things are getting back to normal and that we will see positive economic data this year.

How does that translate into numbers? One, the unemployment rate has come down sharply. April 20 sort of represents our high point in unemployment last year. Where we are today is at 6% unemployment. Not only that, our weekly Nonfarm Payroll numbers have also increased significantly. Month over month changes in Nonfarm Payrolls have really been great and we've seen some very strong jobs numbers coming out in the last report. These are really positive indicators that not only should we be able to get back on track this year, but the economy will be able to rebound sharply.

The one thing you may have heard about in the news is the concern about inflation. We're doing so well and the Fed is still printing money, so how does that impact our inflation? On Page 5, you can see as of March inflation was still running below the Feds average inflation target, which is 2%. However, the most recent inflation number, which came out after this book was printed for the end of the quarter, showed an inflation number that was above that Fed inflation target, closer to 2.5%. Some people were really nervous about that being a sign that inflation really is running high and is getting hotter. However, I caution us to be a little sensitive with that number because that number is the year over year change from last year, where as you can see inflation was at a low point. The change and most recent reading is based off of a very low number. As you know, if you start with a low number, and you see a change, it's just higher than normal change in inflation. We don't expect that to change. We still think inflation is pretty much in range and is not going to cause any changes in the current outlook on the Feds action.

On Page 7, we see the Feds expectations for monetary policy. This chart is called the dot pod. One of the things you'll notice is the number of dots and the years on the chart. This 2021 indicates where each individual Fed members estimates a target range should be at the end of the calendar year. You can see at the end of this year, pretty much every Fed member expects the rate to stay in its current range of 0-2.5 basis points. Not a lot of expectation, which will change this year. Even in 2022, you can see the vast majority of members expect to stay in the range. Right now we are anticipating this low rate environment at least through the end of 2022. However, in 2023, you can see more and more members are expecting some type of increase forward. So we'll see rates stay the same through the end of 2023, then we might see some movement on the Feds target range.

How that plays out in interest rates is that the short end of the curve is still really low. It's still anchored by the Feds policy. The market doesn't expect rates to change, therefore everything on the low end of yield curve is still relatively low. For your Reserve Fund, we are still investing in that lower area of the yield curve, we're not going too far, we're basically sort of staying very short and we're keeping your reserve fund and replenishment requirements in mind while managing that account. However, you can see the yield curve has increased somewhat since the last time we met. You see the 5-Year is up at .94% basis points, which is significant movement.

Looking at the 10-Year, you can see the rate has moved substantially. I think people are very optimistic by the economic news and by the stimulus measures that are coming out. I think the positive outlook on the economy is pulling the longer term rates higher and higher, which is why you're seeing sort of a longer end of the yield curve being pulled upward, and some steepness in the yield curve.

Going back to our conversation about where we were hoping to add some value to your portfolio, particularly investing in Federal Agencies, we sort of got permission to start looking at corporates last quarter. Federal Agencies still not don't have a lot of value, and we're not finding much with treasuries. Corporate spreads on the other hand did widen out and that's the trend we were looking at last year when we were talking about going into corporates.

Unfortunately, despite the spread widening last quarter, we could not find much supply of attractive spreads above treasuries. We weren't able to find the amount of corporates that we would have liked to find for the portfolio, because we are restricted to the AA category. There just has not been as much AA corporates available, and the fact that more corporations are singling them out versus AA, we're not finding as much supply. However, because yields have increased, we may start looking at treasuries again, because those yields have come up and there is more income there. That might be an opportunity for us to invest the about $1 million that is in the Money Market Fund.

Looking at Q1 returns on Page 10, takes into account the change in price and the income available on the securities. At Q1 of the year everything was negative and everything had a negative return because as interest rates rose, the price of all of these investments went up. So we had higher interest rates and lower prices, so lots of negative returns across all sectors. However, for the prior year, the values still held up and the more you went out in terms of corporates the better returns were had. So, we're going to keep looking at the Corporate sector, but we may also be looking at treasuries, because yields rose over the quarter and we might be able to find some really good income opportunities.

That concludes the Market Update, I'll go through more specifically into the Portfolio statistics.

There is $8 Million in the Reserve Portfolio. I talked about the majority of the portfolio being in the Agency sector and we do have about $1.2 Million in the Money Market Fund, and that is the amount we are targeting for the reinvestment for the portfolio. The portfolio is compliant with your investment policy, statutes and bond documents and you can see the maturity distribution here. Again, we have a lot in the Money Market fund, and this shows the Federal Agency allocations, so we have a small amount out a little bit longer with some in the 2-3 year range. The yields have been low, just because yields have been low, so our hope is to find some income. As I mentioned, because we have much higher yields today, we may be able to restructure a treasury as we go out to reinvest that $1.2 Million. You should see a better yield opportunity, since yields have risen so much since the last time we spoke.

For the Federal Agency allocation, you can see it is fairly evenly distributed between Fannie Mae, Freddie Mac and Farm Credit Banks. Again, not a lot of value in agencies today. I'd be very surprised if we came to you, Stephanie, with an agency recommendation just because of how low those yield spreads are, but our goal again is to get that $1.2 Million invested.

The yield maturity in the portfolio was 28 basis points as of March. You can see the yield history of the portfolio versus the 1-2 year treasury and the portfolio yield has basically followed that same pattern as interest rate fell and we reinvested. We reinvested in lower rate environments. Hopefully we will be able to start picking up higher yields, especially as you have 45% of the portfolio set to mature over the next year or two. Earnings for the portfolio are shown on a market value basis and a book basis, so you can see about $4,000 for the quarter is your accrual earning by year.

I talked about our outlook for the year, again, with everything that is happening, the fiscal stimulus, the GDP projections, all that optimism has been pulling long return yields upward, which is positive for outlook on the portfolio and we are going to try to find what we can. Agencies, like I've said a number of times throughout this discussion, don't have a lot of value right now, but because yields have gotten higher, particularly in the 3-5 year area of the curve, we may look to treasury recommendation. Our goal is to get that $1.2 Million in the money fund invested. Any questions?

Bill Thomas: We're 10 months into fiscal year and when I'm looking at this chart, it looks like we're the lowest ever. Is that because of our constraint on how we can invest? I know the stock market has been fairly robust when I look at my personal investments, but why are we so low?

Monique Spyke: You're primarily restricted to high quality short duration fixed income. That has been a tremendously hard sector to get return out of over the last few years. One, because we had been in a lower interest rate environment for the first part of the 2010s to 2016. We were able to start writing higher interest rates as they started raising rates, I believe in 2014 and 2015. But then rates started lowering again. In terms of our sector options there is generally treasuries, agencies and extremely high quality corporate notes. So, AA and above corporate notes for the portfolio, so that has a limited investment universe. We're generally investing under 5-years for the most part, so short durations, and that has been the hardest sector out of all of the asset classes available to get returns.

Stephanie Haddock: The other part of this chart to be mindful of is that prior to 2019, we also had a lot more money in the portfolio. $24 Million versus the $8 Million that we have now. We had some higher rates on those investments, but we had more money, so you have more interest based on the additional funds. Now we're down to $8 Million, because we used all the reserve funds for refunding the bonds, paying down our bond debt. So, less money to invest and lower interest rates.

Monique Spyke: That is a fair point Stephanie, I'll add some of that detail to this chart too, so it helps tell that story a little bit clearer.

Bill Thomas: So, Stephanie, let me say it back to you as I understand it. We went out, we sold some bonds, we got a bunch of cash, and we stuck it in investments because we couldn't spend it all in one year. So, we spent down all of the money? No?

Stephanie Haddock: No. So, when we first went out and bonded, there were reserve requirements on those bonds. We had to set aside a specific amount of money, usually it's 100% of your highest debt service year in the repayment of your bonds. You have to set that money aside and put it in reserve. It's a safety net for the bonds to make sure you can make the bond payments should something happen and you default.

In 2019 we refunded a portion of our bonds. When we did that transaction, we had a high enough credit rating and enough stability in our debt service ratio that we weren't required to set aside that money anymore. We didn't have to have reserves for the refunded bonds. So, we were allowed to take that cash out and reinvest it, and we actually paid down our principle debt with the cash that was in the reserve funds and lowered our reserves. Overall, we took out a bunch of money that we weren't required to have anymore and used it to pay down our principle debt on our overall bond debt and left what was required in there, which is now just $8 Million on some specific bonds that we can't refund. As I mentioned, we are out of that period where we are able to refund any of the remaining bond debt that we have. So, that is what's left here, is those bonds that we can't refund, but also still have the requirement for the debt service reserve.

Bill Thomas: So Monique, if we changed our horizon, will that give us a better opportunity to get corporates? With the horizon in combination with the available money, what is the issue for us getting high rating corporates?

Monique Spyke: The time horizon is part of the issue because we're generally looking at sort of shorter duration corporates, which is always harder to find other than treasuries. You also have a ratings requirement on the corporates in the policy of AA. So, that is a hard and fast rating requirement and so the availability of those corporates combined with the maturity restriction and the current environment is just not giving us a lot of good options for the portfolio.

Bill Thomas: So, they are out there, but they are very expensive, is that the issue?

Monique Spyke: Yes. They are hard to find and I think as we're looking at the portfolio, it's just not giving us the income potential that we'd like to see.

Bill Thomas: Would going onto 10 years help in any way?

Monique Spyke: Not necessarily because we'd still have that AA requirement. There are just less corporates at that AA.

Stephanie Haddock: We are restricted by Nevada Revised Statutes in that they only allow specific investments for Governments. Unfortunately, they are also highly competitive where the corporate notes are concerned, so that's why they have trouble going in and grabbing them for us, because I'm sure all of the other Governments are out there grabbing them as well.

Monique Spyke: Absolutely, it's a tough market in general. I think right now the way we characterize the fixed income markets is any opportunity anyone sees to define income, it's like a scramble for those assets and it's making them very expensive, especially the high quality assets.

Bill Thomas: So, is there is anything local? Are we allowed to invest in local government bonds, or Nevada bonds or any bonds that are government bonds?

Monique Spyke: Government bonds could be an option, but we don't typically see those. There is a liquidity issue with those bonds and the same scarcity exists for municipal obligations. As we do the income value assessment, often times treasuries and agencies are better deals, surprisingly.

Stephanie Haddock: We could invest in Government bonds, but we'd be in the same position we are as the bond issuers. You're investing in that for a very long time, 20-30 years, which we would never want to go that far out.

Bill Thomas: What's our window on this money?

Monique Spyke: We're generally looking at about inside of 5 years.

Bill Thomas: When do we pay off the debt or when is this obligation removed?

Stephanie Haddock: 2043, so we do have another 20+ years of having to sit on this money.

Monique Spyke: Bill, in terms of the maturity assessment, you can see here your longest bond goes out to 2025. One of the considerations we have when managing this portfolio is insuring that the value of the portfolio meets your reserve fund requirement. We don't want to go too unnecessarily long in the portfolio, because that creates the risks. For example, if we buy a 10 year security at 1.74, as interest rates rise, the value of that investment will decline. If interest rates rise sharply, the value of that investment will decline sharply and that could trigger an obligation for the RTC to deposit additional funds to this reserve fund. So, we're really trying to manage that market value risk to make sure the amount that is supposed to be in the reserve is there should you need it, while also managing the income considerations.

Stephanie Haddock: Thank you for that Monique, that is an excellent point in that this is a required amount that we have to have in here, and can't drop below a specific dollar amount, or we would have to pull from our existing fuel tax and add it back in if we lose too much money.

Bill Thomas: Are there any options that would get us beyond $4700 on $6.8 Million?

Monique Spyke: I always say I want to go back to this market chart. This is our universe here. So you draw a line here and that is really where you try to shape the income expectations. This will give you some context, the 2-3-year treasury is still around 13-14 basis points and that is sort of the average between 1 and 5 years. To get some additional income, we could try to find additional income by moving up the credit curve from treasuries to corporates, but I told you about the constraints in the corporate curve given that we're looking for AA small market already. We're looking inside of 5-years, which condenses that market down even smaller. The search for income is just a little bit harder in this environment, but it's definitely better looking now than it was at the end of the last quarter.

Bill Thomas: So, it just doesn't matter how many years out we go with the corporates?

Monique Spyke: No, we'd have concerns about availability, liquidity and that same market risk. With corporates, not only do you have the duration, which is the term to consider, but you also have that credit risk and as credit spreads change that could also fluctuate the value of that security.

Stephanie Haddock: Monique, wouldn't you say this is more of a temporary situation? This will get better over time, so we don't want to go too far out into the future of tying up our investments. In a year or two when rates will jump back up, we want to be in the position to take advantage of that.

Monique Spyke: Yes, I think that's accurate Stephanie, because also consider that the 30 year treasury is 2.41. That is still fairly low for a 30 year investment. If in 5 years rates get much higher, we're going to be asking ourselves, why do we have a 25 year investment at 2.41?

Bill Thomas: So if I understand it, before the pandemic a lot of big companies had a lot of cash set aside. Now with the federal infusion of money, I'm sure we're not the only ones where this infused money allowed us to have more cash. What happens with all the cash that is kind of sitting around because it's not being spent yet? What does that do to our situation, is it any influence at all, or what does that do to a 5 year?

Monique Spyke: There has definitely been a lot written and studied about all the cash that is sort of sitting around, but I think the hope is that the cash is expected to be spent. I think the goal or the current projections are that people will start loosening some of that cash. They'll start putting some of that money to work, whether through infrastructure projects or consumer behavior, we'll start seeing more movement and that cash will start getting out of accounts and into the general economy. That I think it what is driving some of this increase in rates, this economic optimism that is all sort of captured in that concept. That cash exists not only in businesses but in consumer pockets.

Stephanie Haddock: Most governments are in the same position we are. Some are getting that cash up front, but most are in reimbursement situations where you spend your money first, and then you ask for your federal money after you've spent your local money. Even those folks that do get that cash up front, they can't invest it, you can't make money off of the governments money or the federal money, so they are not going to be out there investing that money, because they are not allowed.

Bill Thomas: I'm just trying to understand what that does to the way investments work. You were saying Monique, right now just because people have money doesn't mean you'd really want to put it at 30-Years at a tiny little return, so you just sit on it longer hoping that we get an indication.

Monique Spyke: Part of the scheme for lower interest rates and rationale over the economic theory behind the lowering of interest rates, is the idea that consumers will look at this return and decide to take riskier or make riskier decisions in the form of investment and growth sectors. That's how it's designed. It's harder for us in the fixed income industry with the constraints that we have under your bond documents to do that because we're limited to, like I said, high quality, we have replenishment risk and things that we're managing in this portfolio, but the broader theory is that an investor will look at a 2.41 in the treasury curve and say you know what I'm going to go fund a business, I'm going to go fund another opportunity and drive growth that way. That's the underlying economic theory.

Bill Thomas: So, last question for the space we're in and investing, what drives the return, is it the Fed?

Monique Spyke: It's really the Fed. If you take a look back at the income history/trajectory of the account, it will follow the movement of the Fed. As the Fed raises and lowers interest rates, so do our prospects for return. That is because that is our anchor. It's expected to get better, but I think we have just another year or two with this expectation.

Stephanie Haddock: I did like your graphs on the movement of people and people getting back out in during the pandemic. I agree, I think the light is hopefully at the end of the tunnel for us all. You can see it getting much brighter now.

The motion will be to continue looking for opportunities with the money that we have in the Money Market account. That will be the recommendation in our Board report. That is my motion.

Bill Thomas: Second.

Stephanie Haddock: The motion passes.

Item 5 MEMBER ITEMS

Stephanie Haddock: Anyone have any other Member Items? No other member items.

Item 6 PUBLIC INPUT

Stephanie Haddock: We have no public input.

Item 7 ADJOURNMENT

Stephanie Haddock: Do we have a motion for adjournment.

Jelena Williams: Motion to adjourn.

Nelia Belen: Second.

Stephanie Haddock: All those in favor:

Response: Aye

Stephanie Haddock: We are adjourned.

The meeting adjourned at 1:41 p.m.

Stephanie Haddock
Digitally signed by Stephanie Haddock
Date: 2021.05.14 14:36:07 -07'00'

Stephanie Haddock, CGFM
Director of Finance/CFO
Regional Transportation Commission

LOCATION

Regional Transportation Commission
1105 Terminal Way, Reno, NV 89502
1st Floor Conference Room, Suite 101

DATE: April 21, 2021
TIME: 1:00 p.m.

REGIONAL TRANSPORTATION COMMISSION OF WASHOE COUNTY INVESTMENT COMMITTEE AGENDA

Meeting via teleconference/Zoom only pursuant to NRS 241.023 and Emergency Directive 006.

I. Pursuant to Section 1 of Governor Steve Sisolak's Declaration of Emergency Directive 006 ("Directive 006"), the requirement contained in NRS 241.023(1)(b) that there be a physical location designated for meetings of public bodies where members of the public are permitted to attend and participate has been suspended. Pursuant to Section 3 of Directive 006, the requirements contained in NRS 241.020(4)(a) that public notice agendas be posted at physical locations within the State of Nevada has likewise been suspended. Pursuant to Section 5 of Directive 006, the requirement contained in NRS 241.020(3)(c) that physical locations be available for the public to receive supporting material for public meetings has been suspended.

II. The RTC has a standing item for accepting public input on topics relevant to the jurisdiction of the RTC. Because specific items may be taken out of order to accommodate the public and/or the Committee, public input on all items will be received under Items 2 and 6. Individuals providing public input will be limited to three minutes. Individuals acting as a spokesperson for a group may request additional time. Individuals will be expected to provide public input in a professional and constructive manner. Attempts to present public input in a disruptive manner will not be allowed. Additionally, public comment can be submitted by email to mkraus@rtcwashoe.com. The committee will make reasonable efforts to include all public comment received by email. Please provide comments by 5:00 p.m. on April 20, 2021. If Directive 006, Section 2 is no longer in effect at the time of this meeting, then the meeting will be held at the above location at the above date and time, and members of the public may submit public comment in person as well as electronically as described above.

III. The Committee may combine two or more agenda items for consideration and/or may remove an item from the agenda or delay discussion relating to an item on the agenda at any time.

V. The RTC appreciates the publics patience and understanding during these difficult and challenging circumstances.

****ROLL CALL****

1. **APPROVAL OF AGENDA** *(For Possible Action)*
2. **PUBLIC INPUT** - *please read paragraph II near the top of this page*
3. **APPROVAL OF MINUTES**

   Approve the Minutes of the January 25, 2021 Meeting
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** *(For Possible Action)*
5. **MEMBER ITEMS**
6. **PUBLIC INPUT** - *please read paragraph II near the top of this page*
7. **ADJOURNMENT** *(For Possible Action)*

Posting locations: Washoe Co. Admin. Bldg., 1001 E. 9th St., Reno, NV; RTC, 1105 Terminal Way, Reno, NV; 4th STREET STATION, 200 E. 4th St., Reno, NV; CENTENNIAL PLAZA, Victorian Square, Sparks, NV; Sparks City Hall, 431 Prater Way, Sparks, NV; Reno City Hall, 1 E. First St., Reno, NV; RTC website www.rtcwashoe.com; and https://notice.nv.gov

WASHOE COUNTY RTC

Investment Performance Review
For the Quarter Ended March 31, 2021

Client Management Team		PFM Asset Management LLC
Monique Spyke, Managing Director	44 Montgomery Street, 3rd Floor	213 Market Street
Robert Cheddar, CFA, Managing Director	San Francisco, CA 94104	Harrisburg, PA 17101-2141
	415-982-5544	717-232-2723

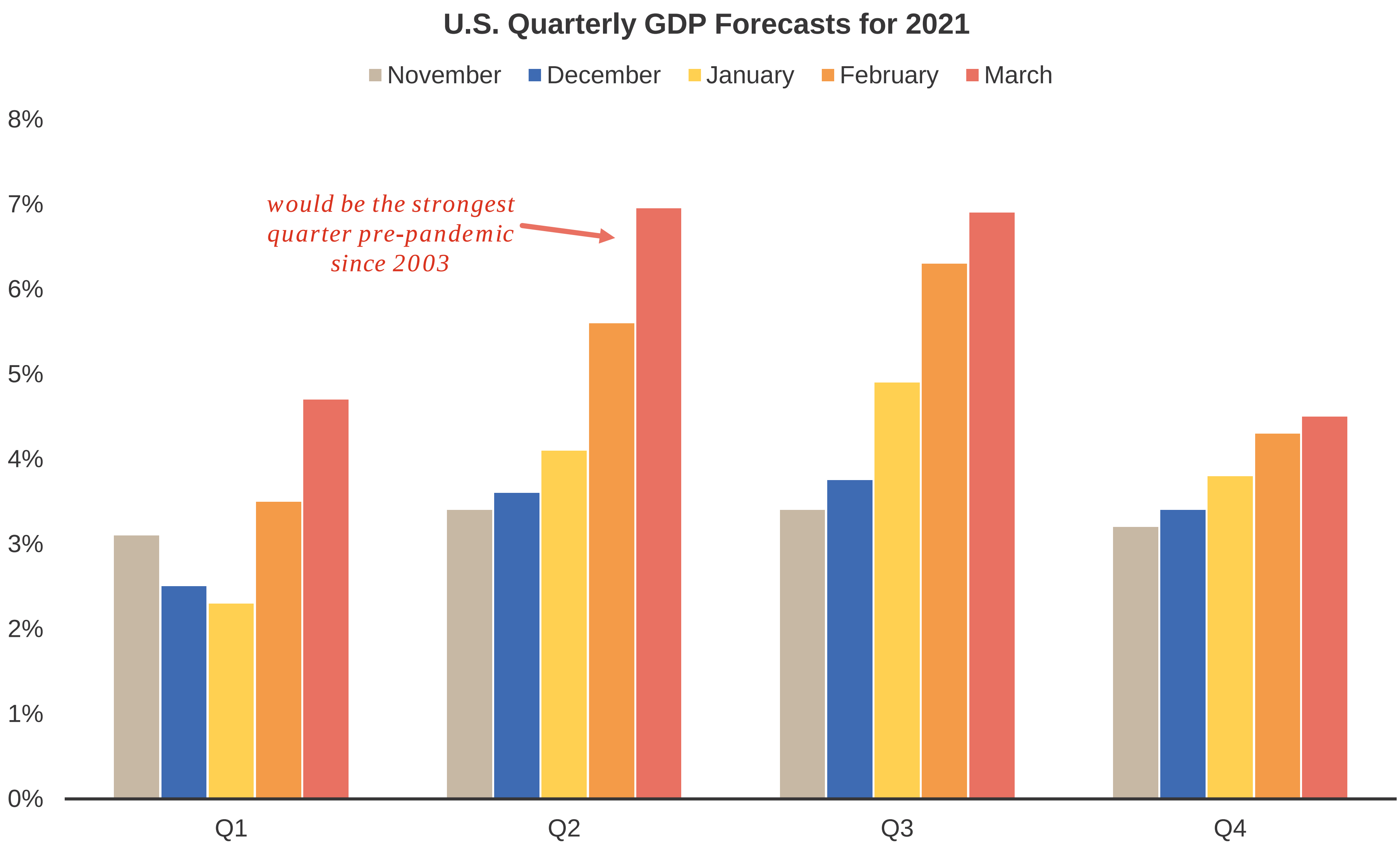
Market Update

The Fight Against the COVID-19 Pandemic Continues

- COVID-19 cases fell by 66% in the U.S. during the first quarter.
- Approximately 95 million Americans received at least one vaccination by quarter-end.

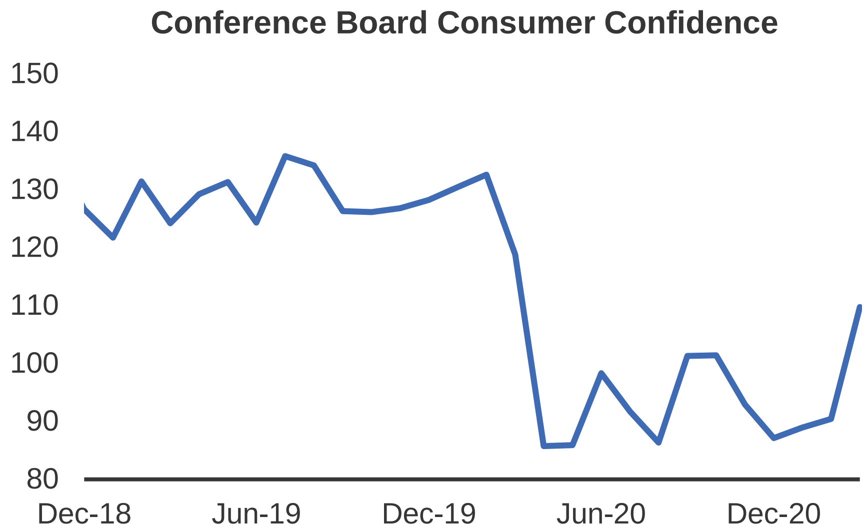
Enactment Date	Congressional Actions
March 6, 2020	**$7.8 billion** Coronavirus Preparedness and Response Supplemental Appropriations Act
March 18	**$15.4 billion** Families First Coronavirus Response Act (FFCRA)
March 27	**$2.1 trillion** Coronavirus Aid, Relief, and Economic Security (CARES) Act
April 24	**$483 billion** Paycheck Protection Program and Health Care Enhancement Act
Dec 27	**$900 billion** Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
March 11, 2021	**$1.9 trillion** American Rescue Plan (ARP) Act of 2021
?	**$2 trillion** proposed “American Jobs Plan”

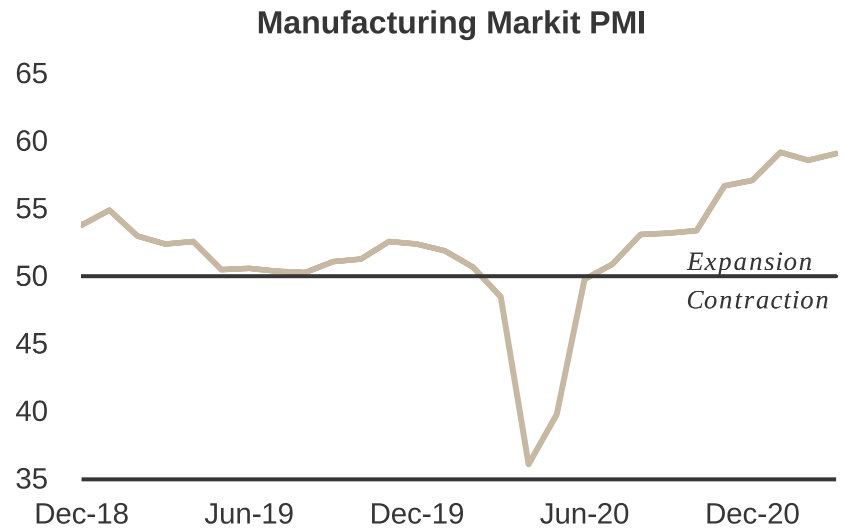
GDP Estimates Improve Due to Passage of New Relief Bill

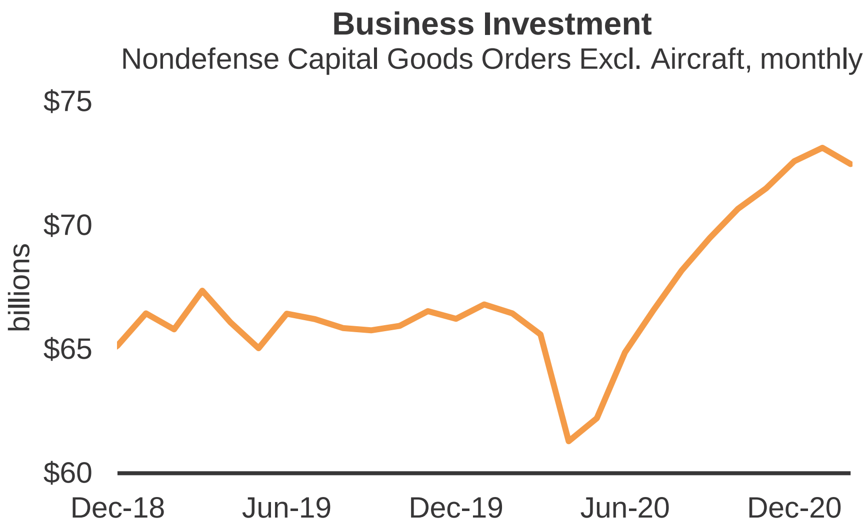


Source: Bloomberg, as of March 31, 2021.

U.S. Economic Momentum Accelerated in the First Quarter of 2021

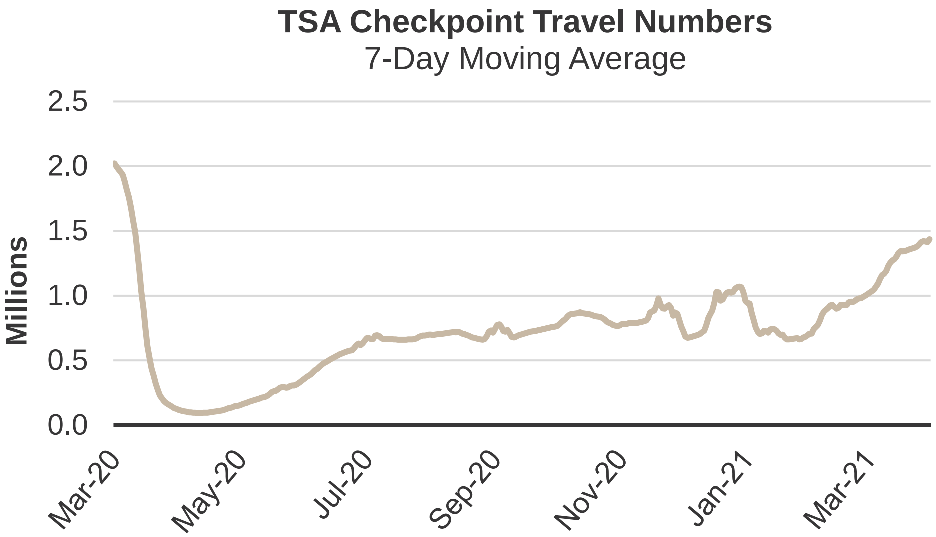


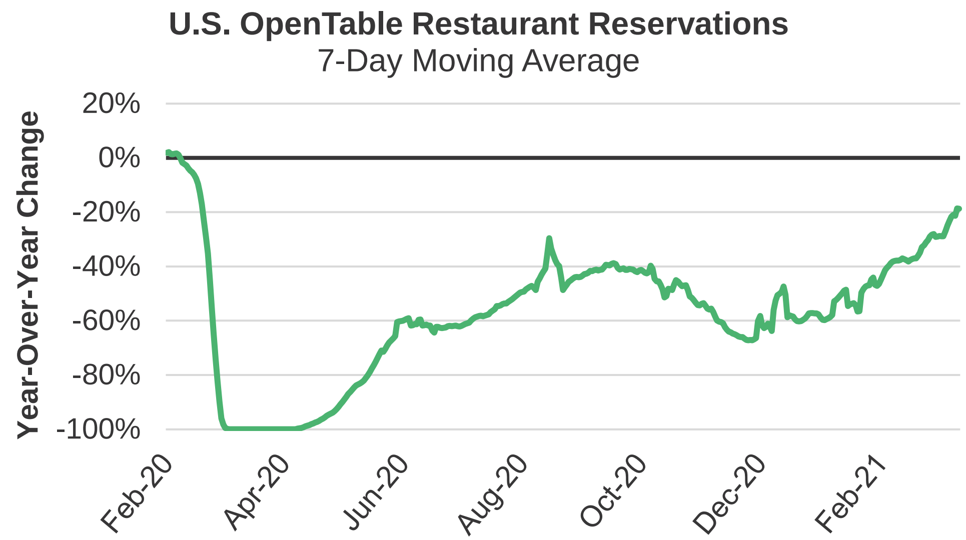


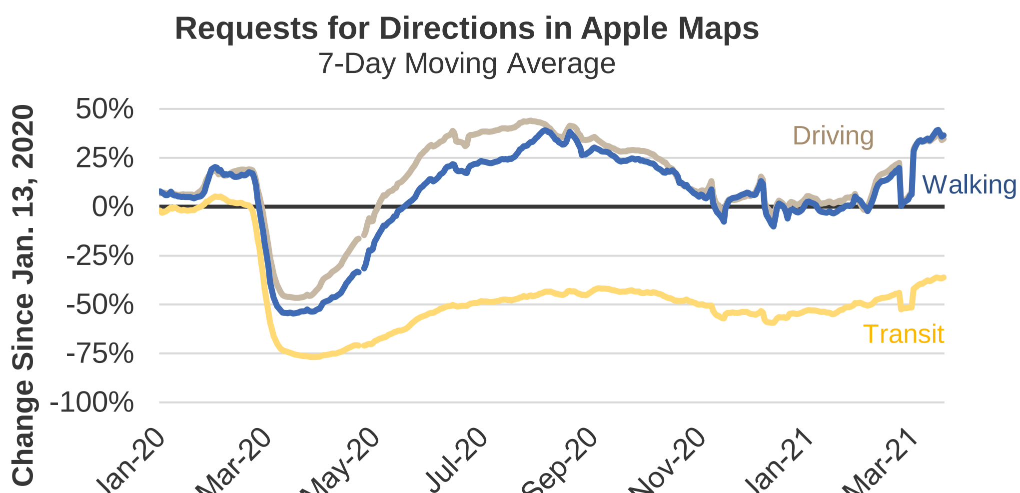


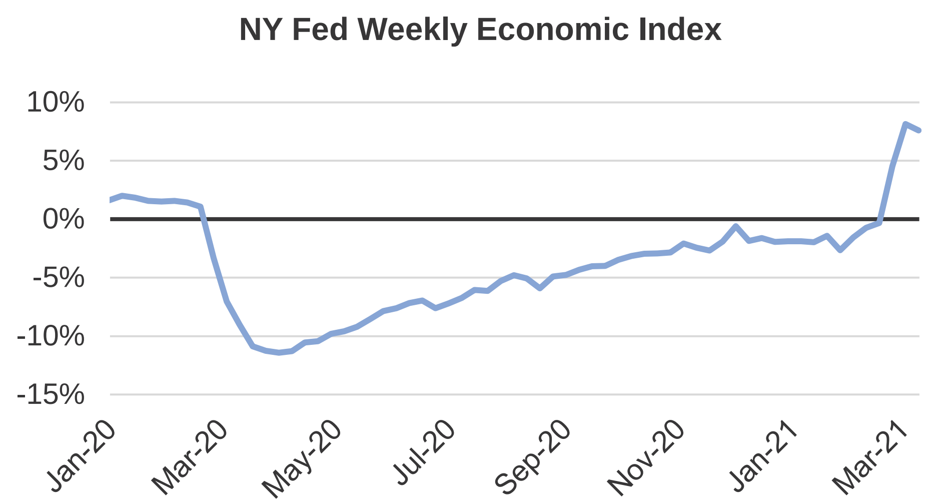
Source: Bloomberg, as of April 6, 2021.

High Frequency Data Indicates the Economic Recovery Is Gaining Momentum



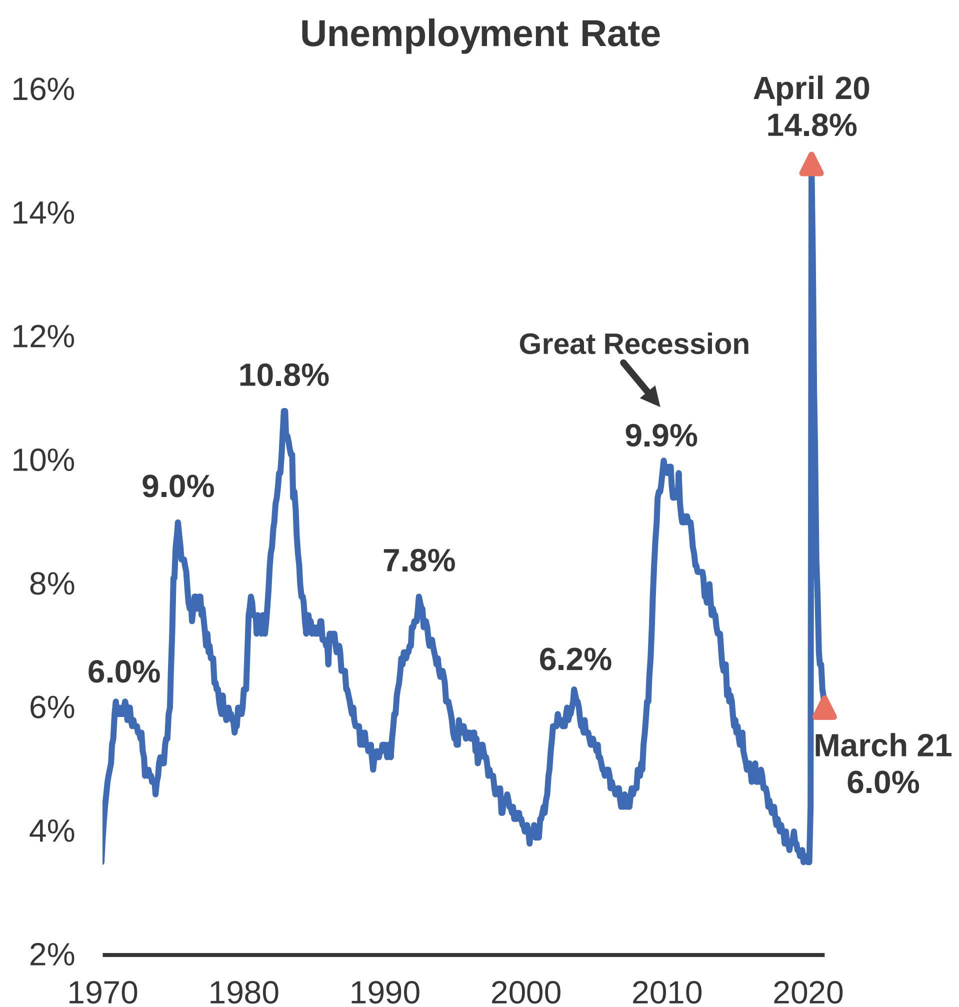


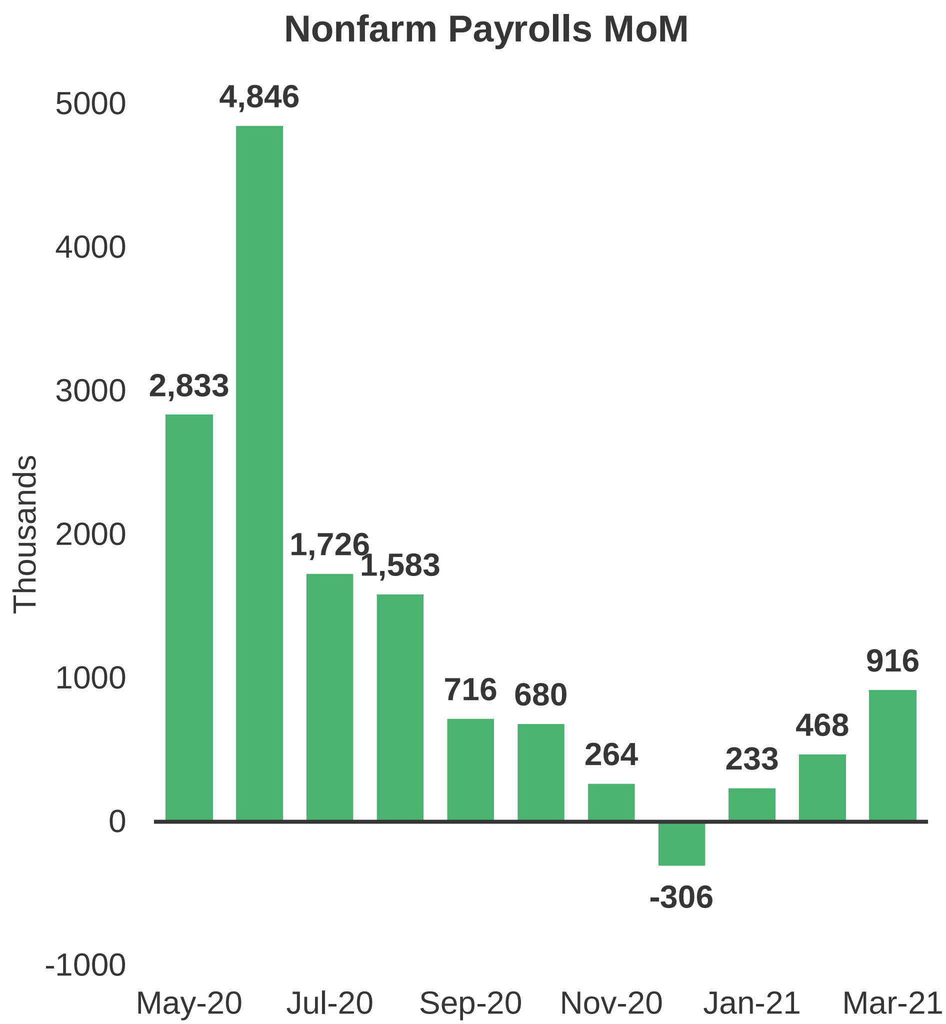




Source: (top left) Transportation Security Administration, PFM calculations, as of April 6, 2021. (top right) Includes phone, online, and walk-in diners; OpenTable, PFM calculations, most recent data as of April 6, 2021. (bottom left); Apple, PFM calculations, most recent data as of April 6, 2021. (bottom right) Federal Reserve Bank of New York, most recent data as of April 6, 2021.

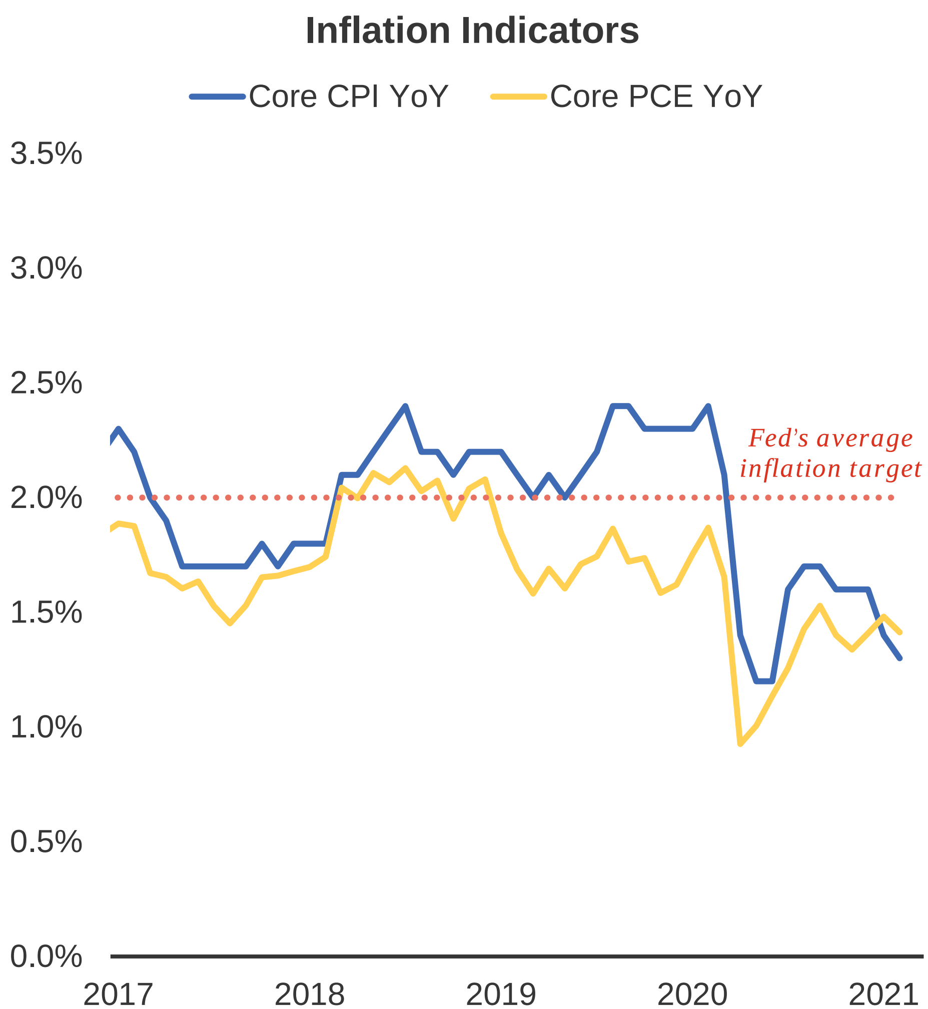
U.S. Labor Market Beginning to Rebound Strongly

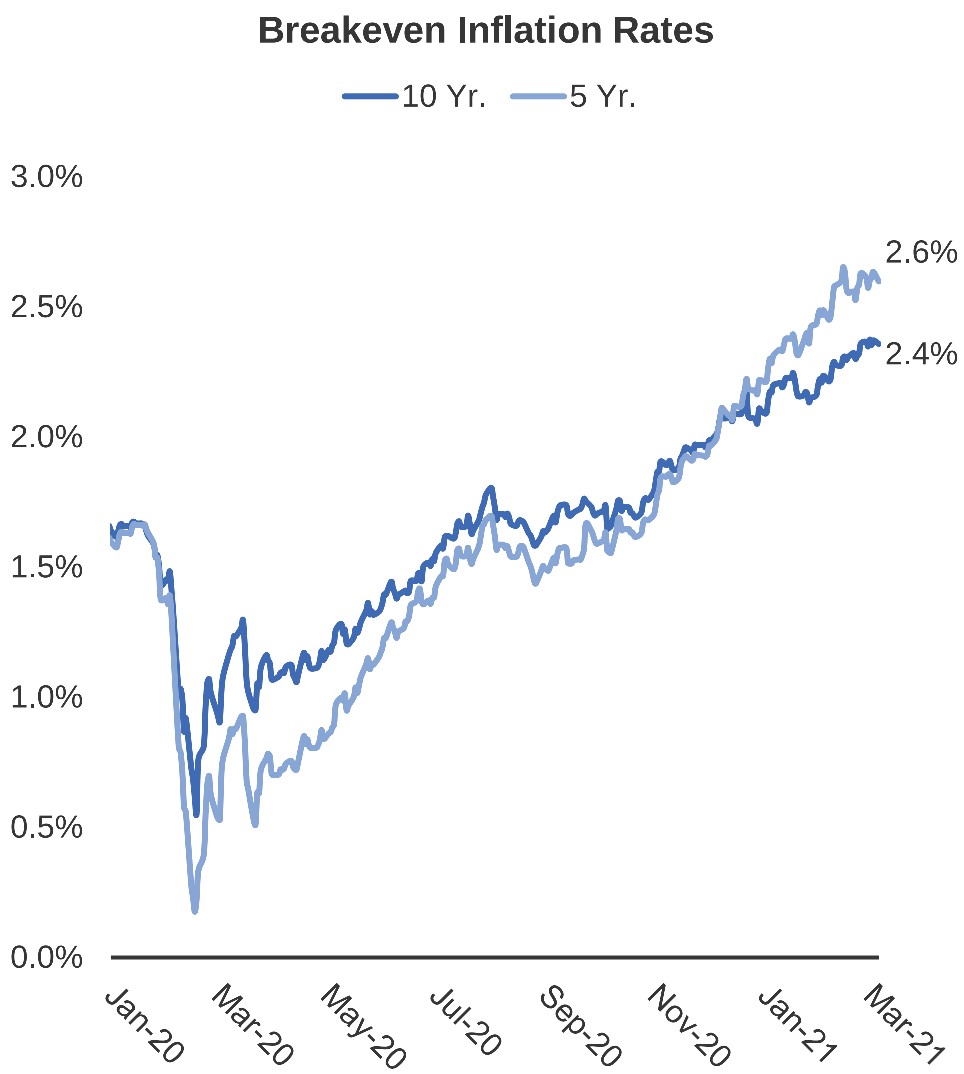




Source: Bloomberg, as of April 5, 2021. Data is seasonally adjusted.

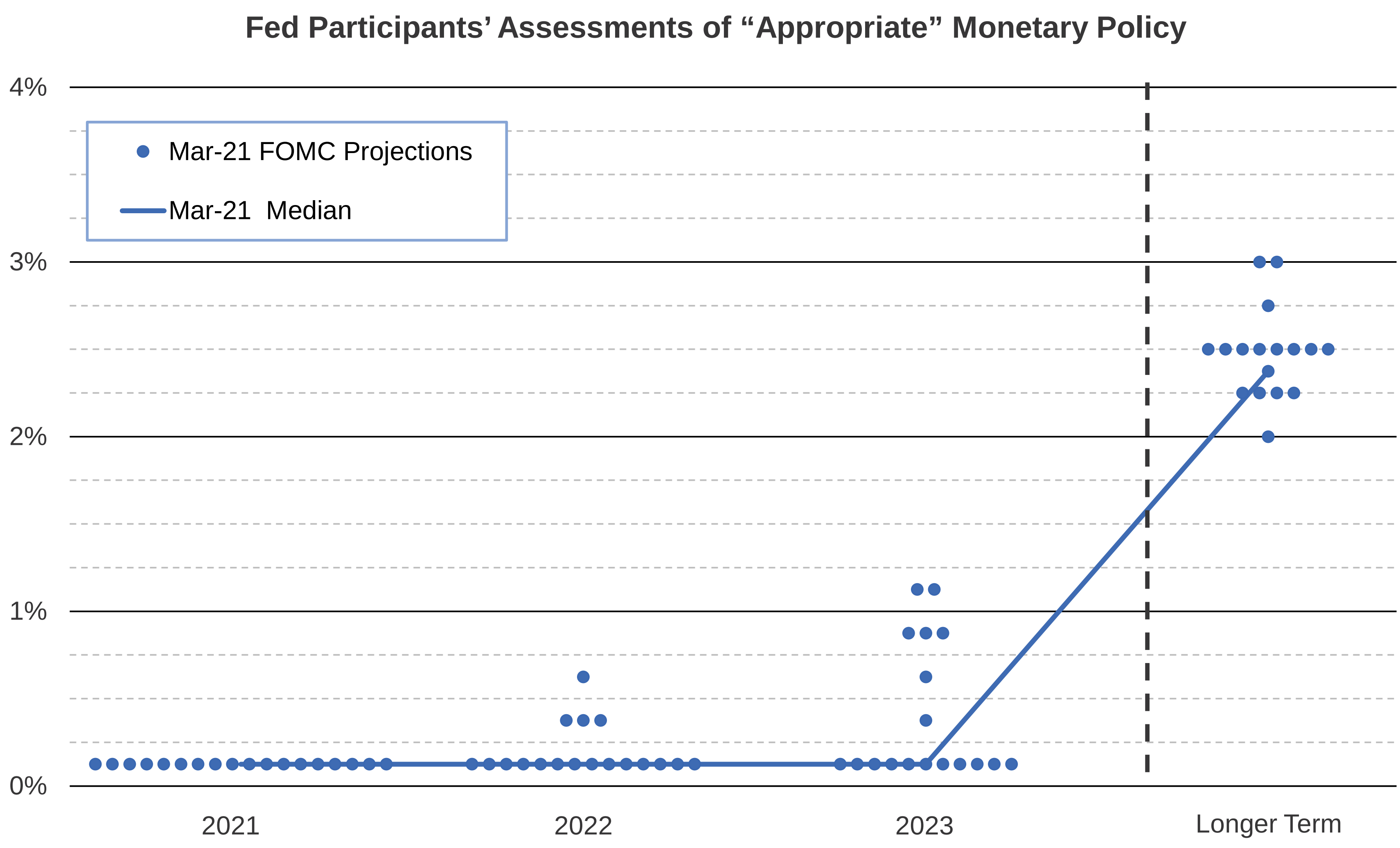
Actual Inflation Lags Fed's 2% Target Even as Inflation Expectations Rise





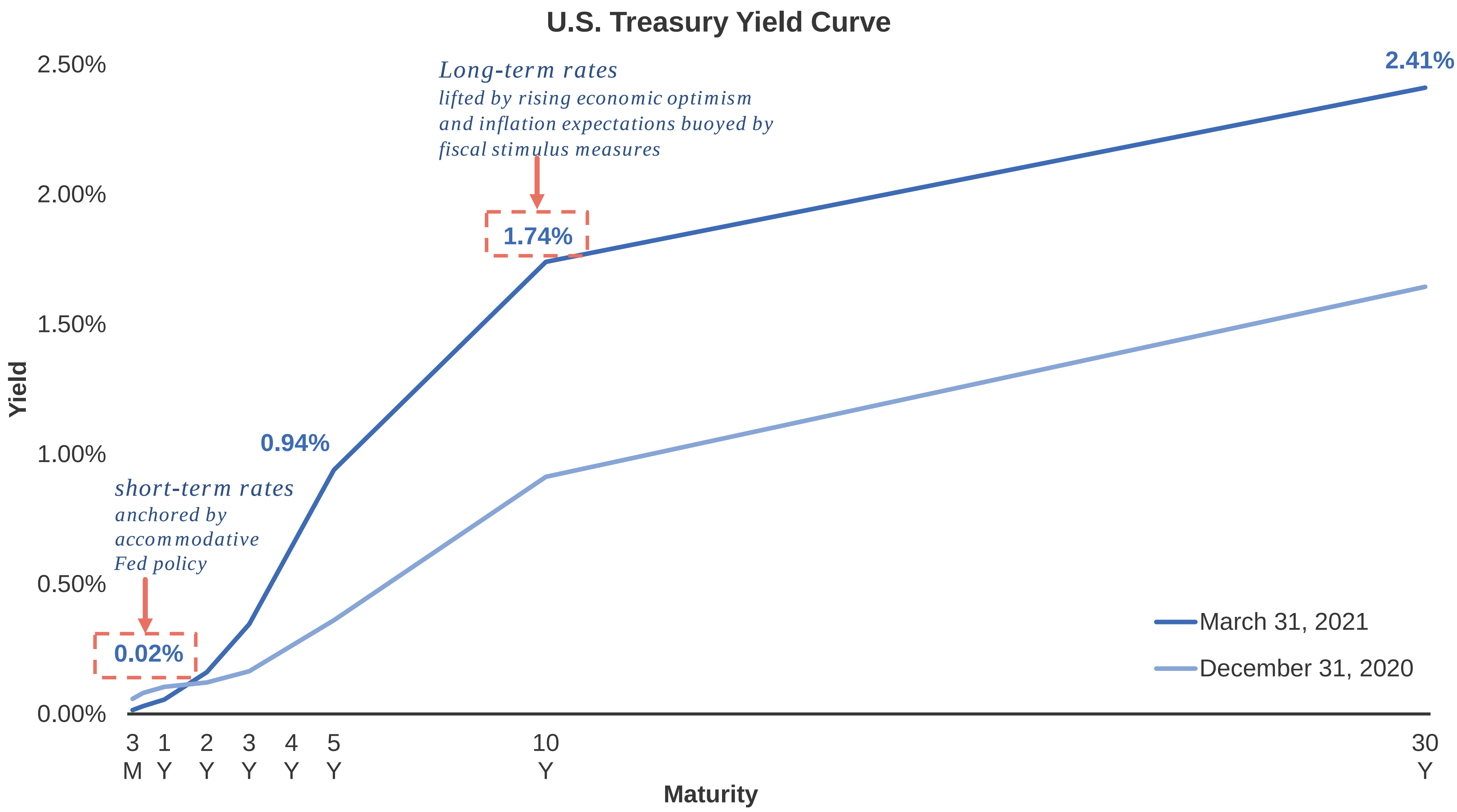
Source: Bloomberg, as of April 5, 2021.

Federal Reserve Anticipates Near-Zero Rates Through 2023



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 funds futures as of March 18, 2021.

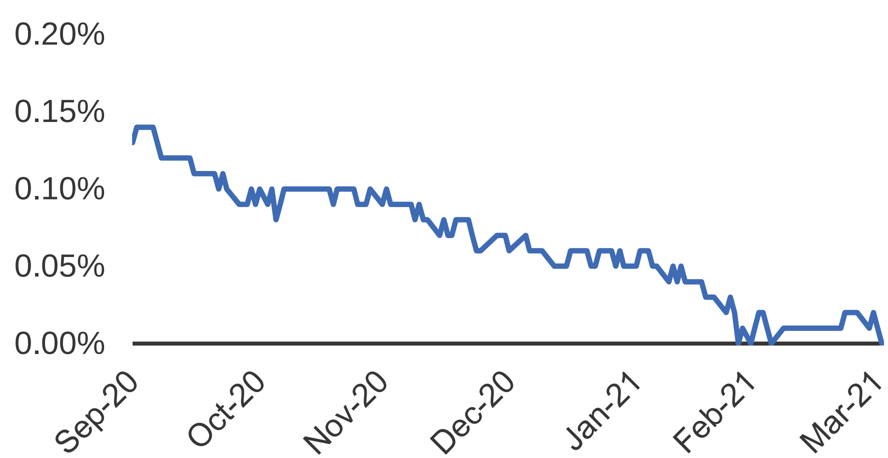
Treasury Yield Curve Steepened on Economic Optimism



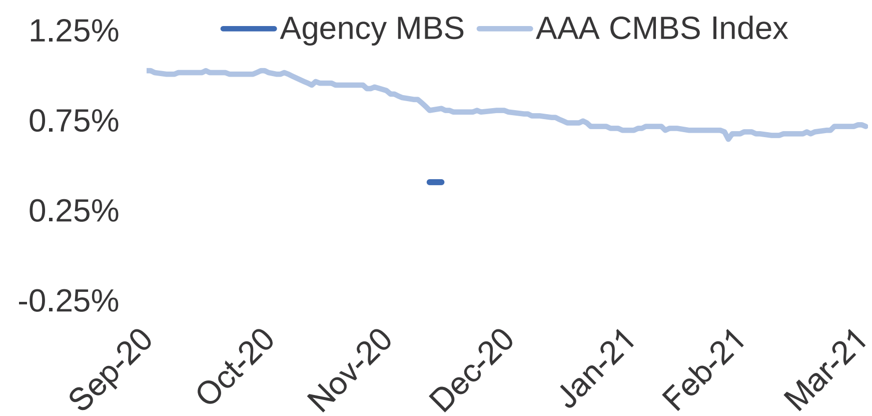
Source: Bloomberg, as of March 31, 2021.

Agency and MBS Yield Spreads Tighten, but Corporates and ABS Widen

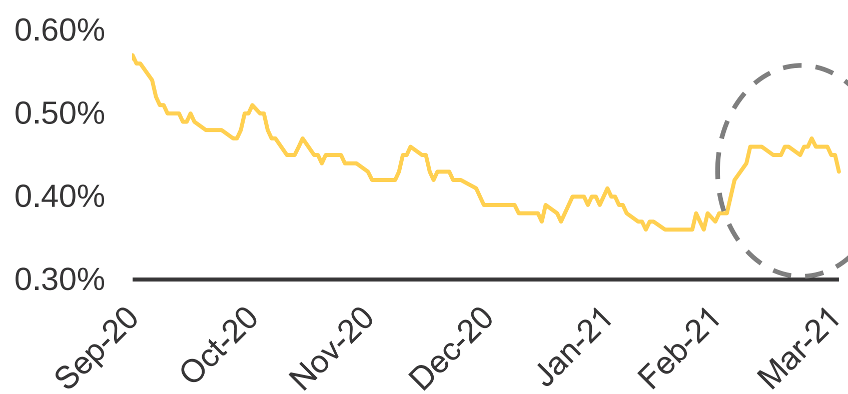
Federal Agency Yield Spreads



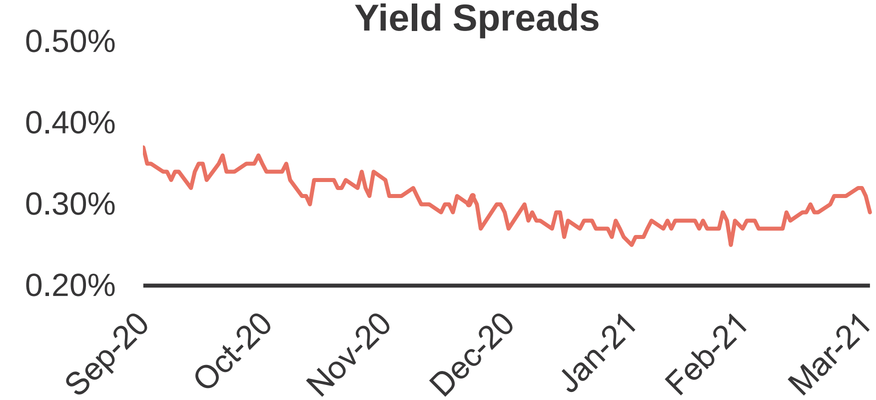
Mortgage-Backed Securities (MBS) Yield Spreads



Corporate Notes A-AAA Yield Spreads



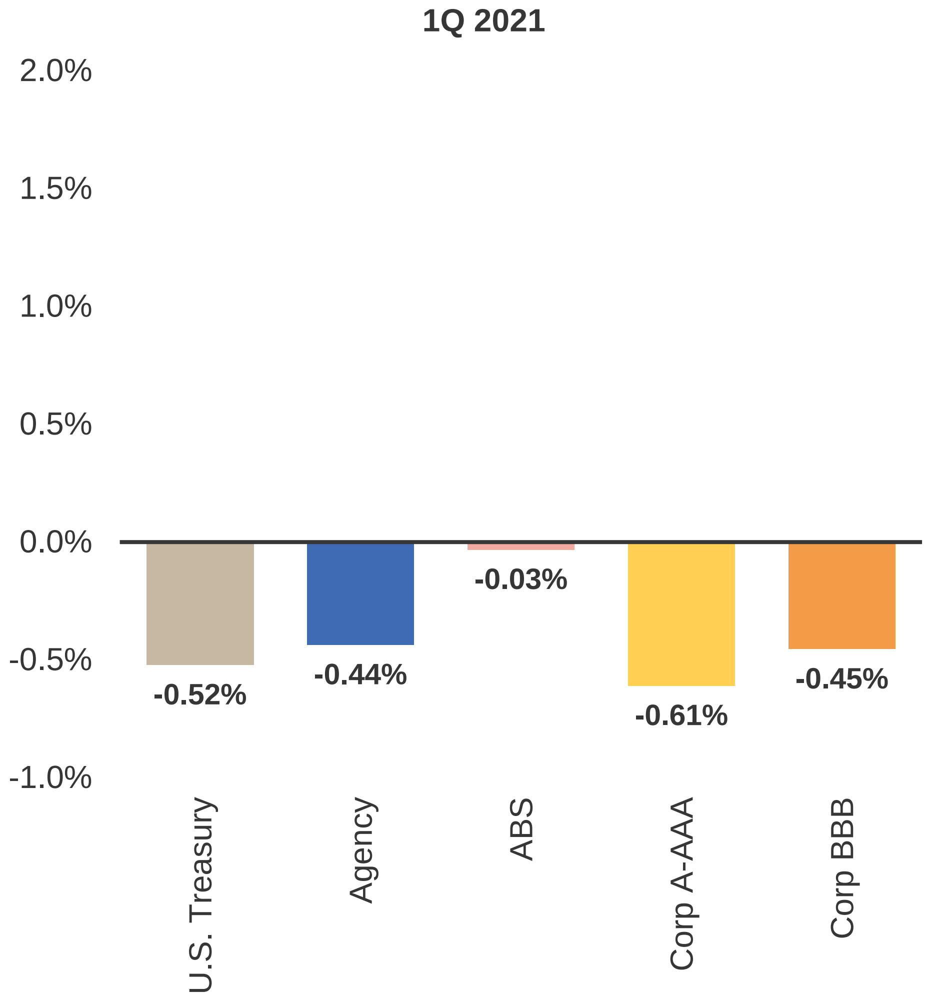
Asset-Backed Securities (ABS) Yield Spreads

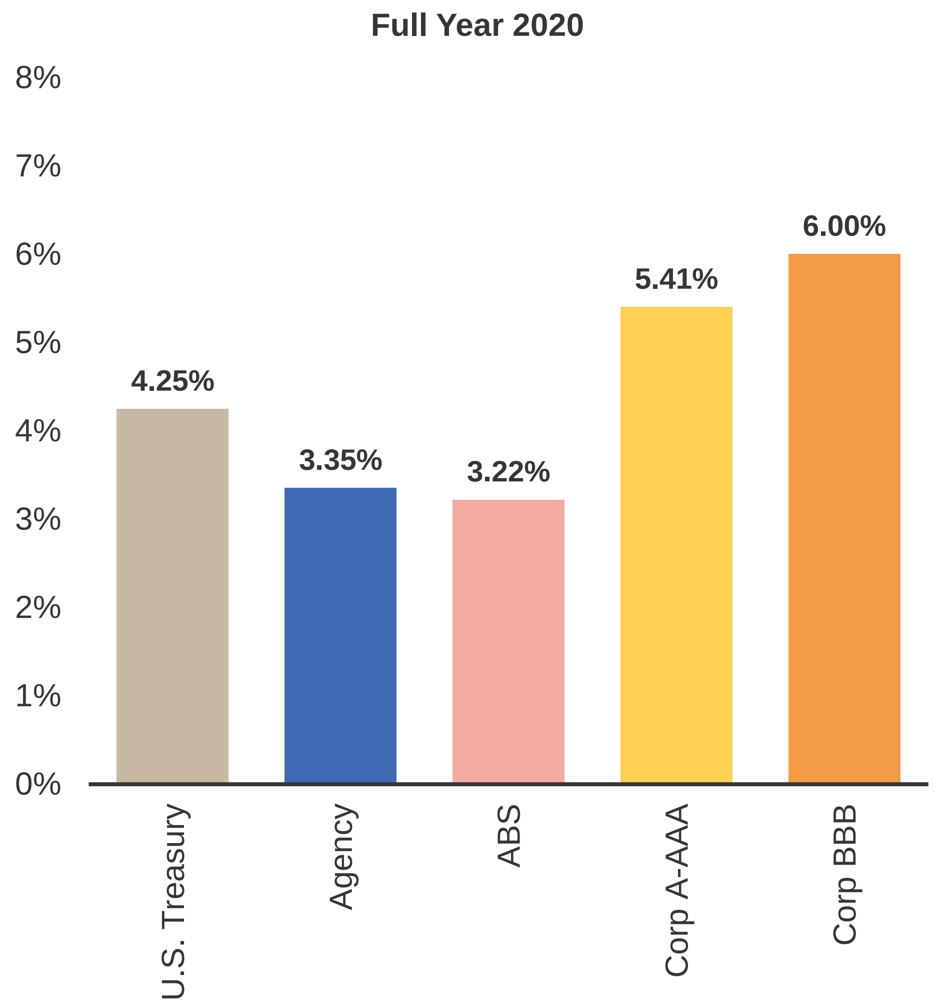


Source: ICE BofAML 1–5 year Indices via Bloomberg, MarketAxess and PFM as of March 31, 2021. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable-maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

First Quarter Returns Hurt by Rising Rates; Credit Underperforms

1-5 Year Indices





Source: ICE BofAML Indices. ABS indices are 0-5 year, based on weighted average life. As of March 31, 2021.

Important Disclosures

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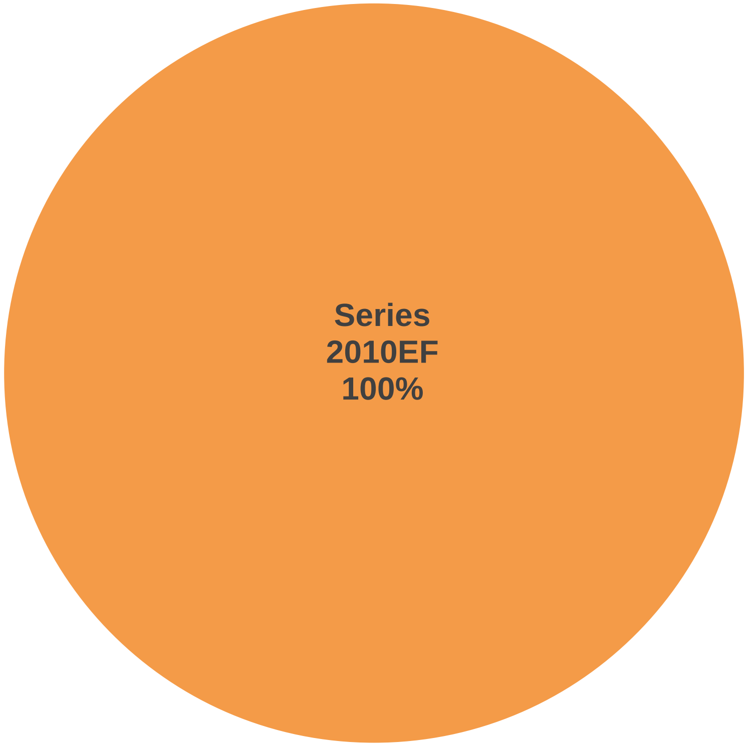
Portfolio Review

Allocation of Bond Reserve Portfolios

	Market Value[1]
Series 2010EF	**8,111,974**



1. Includes accrued interest and money market funds.

Sector Allocation & Compliance

- The portfolio is in compliance with the RTC's Investment Policy and Nevada Revised Statutes.

Security Type	Market Value	% of Portfolio	% Change vs. 12/31/20	Permitted by Policy	In Compliance
Federal Agency	$6,879,414	84.8%	-0.1%	100%	✓
Securities Sub-Total	**$6,879,414**	**84.8%**			
Accrued Interest	$2,828				
Securities Total	**$6,882,242**				
Money Market Fund	$1,229,732	15.2%	+0.1%	100%	✓
Total Investments	**$8,111,974**	**100.0%**			

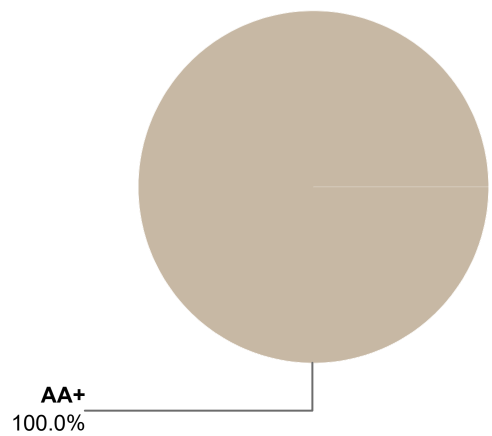
Market values, excluding accrued interest. Detail may not add to total due to rounding. Current investment policy as of December 2011.

Portfolio Statistics

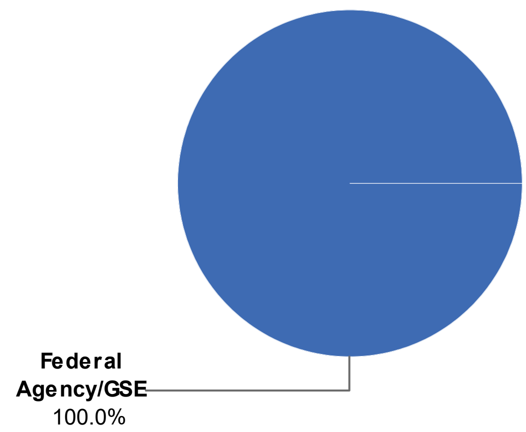
As of March 31, 2021

Par Value:	$6,885,000
Total Market Value:	$8,111,974
Security Market Value:	$6,879,414
Accrued Interest:	$2,828
Cash:	$1,229,732
Amortized Cost:	$6,875,036
Yield at Market:	0.22%
Yield at Cost:	0.28%
Effective Duration:	2.04 Years
Average Maturity:	2.05 Years
Average Credit: *	AA

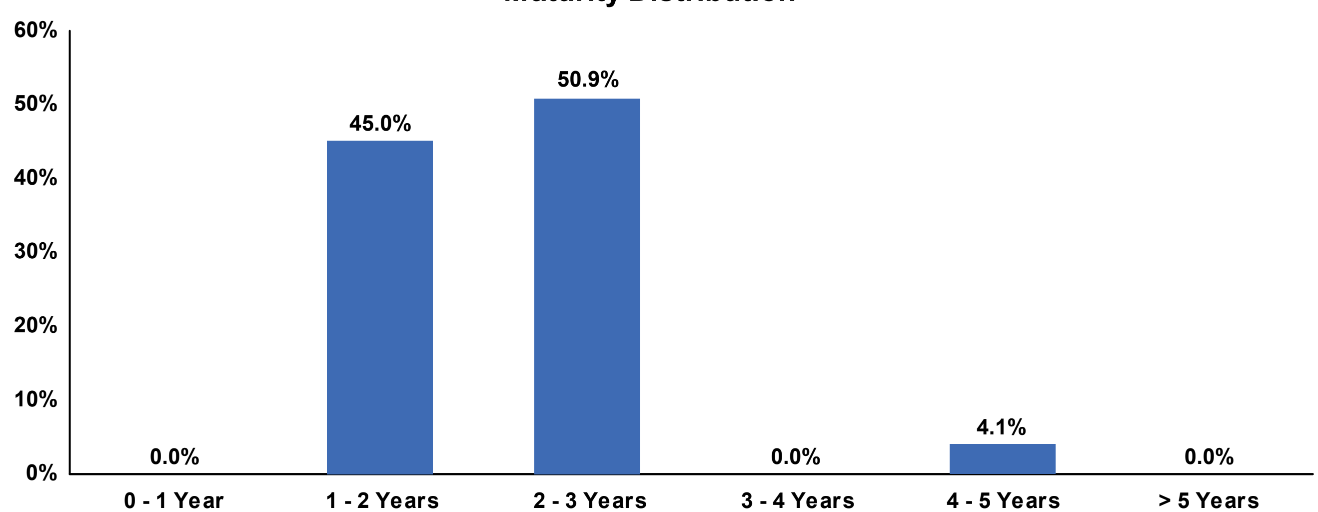
Credit Quality (S&P Ratings)



Sector Allocation



Maturity Distribution



** An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.*

Issuer Distribution

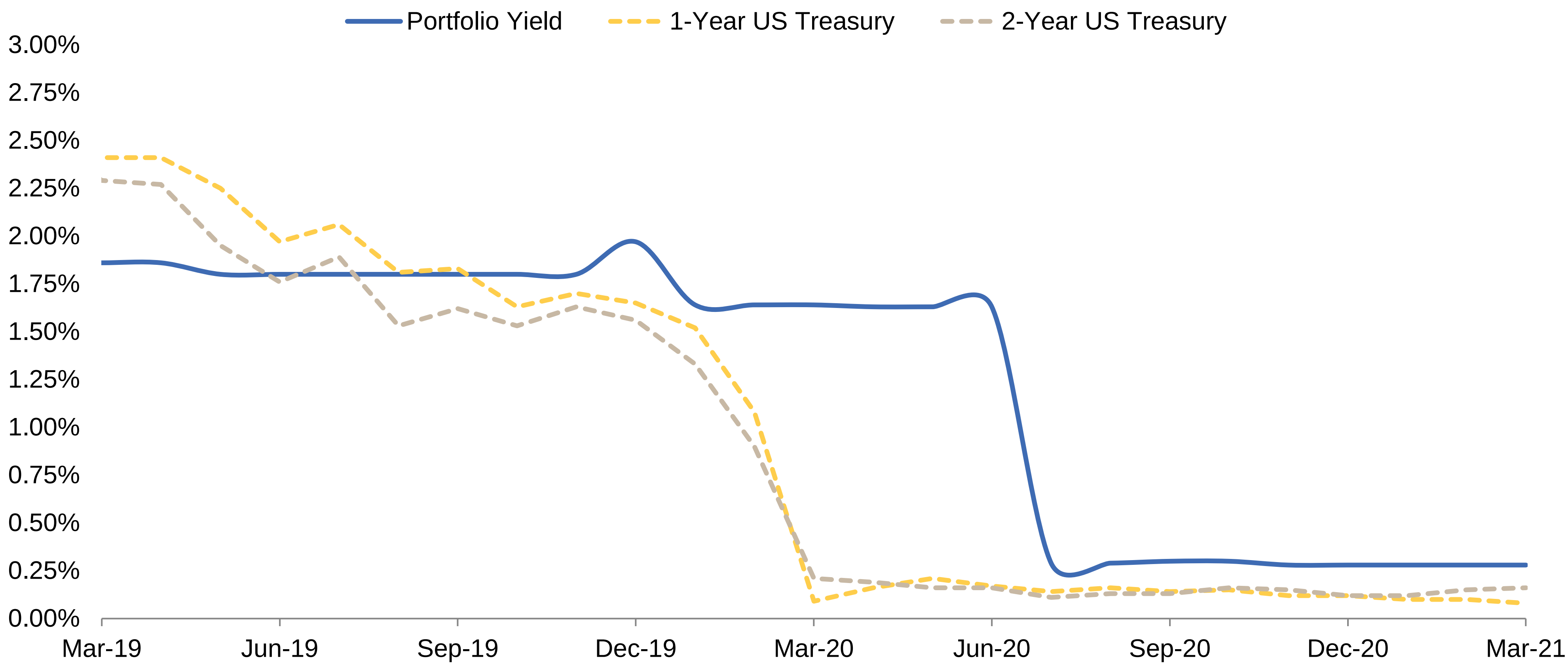
As of March 31, 2021

Issuer	Market Value ($)	% of Portfolio
FANNIE MAE	2,500,540	36.4%
FREDDIE MAC	2,379,904	34.6%
FEDERAL FARM CREDIT BANKS	1,998,970	29.1%
Grand Total:	**6,879,414**	**100.0%**

Portfolio Yield

- The yield to maturity at cost on the aggregate portfolio was 0.28% as of March 31, 2021.
  - The average portfolio yield was 0.62% over the last trailing twelve months (4/1/20 – 3/31/21) compared to the average yield of 1.78% during the prior year's trailing twelve months (4/1/19 – 3/31/20).

Washoe County RTC Aggregate Portfolio vs. U.S. Treasury Month End Yields
March 2019 – March 2021



Source: Bloomberg

Portfolio Earnings

Quarter-Ended March 31, 2021

	Market Value Basis	Accrual (Amortized Cost) Basis
Beginning Value (12/31/2020)	$6,889,608.96	$6,873,747.24
Net Purchases/Sales	$0.00	$0.00
Change in Value	($10,194.49)	$1,288.36
Ending Value (03/31/2021)	$6,879,414.47	$6,875,035.60
Interest Earned	$3,441.60	$3,441.60
Portfolio Earnings	($6,752.89)	$4,729.96


Accrual Earnings by Year
$400,000
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$0
Accrual Earnings
2012
2013
2014
2015
2016
2017
2018
2019
2020
YTD 2021
Year

Investment Strategy Outlook

- The vaccine rollout, accommodative monetary policy, and the new $1.9 trillion of fiscal stimulus all point to continued improvement in U.S. economic fundamentals. GDP projections for 2021 have been revised up several times, with current forecasts pointing to growth of 6% or more this year. That optimism, however, has also translated into increased inflation expectations, particularly in the near term, which is likely to continue to put upward pressure on longer-term rates.
- Our outlook for major investment-grade sectors includes the following:
  - Agencies: There is limited room for further spread tightening from current levels. With spreads likely to remain near zero over the coming quarter, the sector offers very little pickup compared to Treasuries.

Holdings & Transactions

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par ($)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amt ($)	Yield at Market	Realized G/L (BV)
INTEREST									
1/4/21	1/4/21	0	MONEY0002	MONEY MARKET FUND			6.22		
1/10/21	1/10/21	2,500,000	3135G05G4	FANNIE MAE NOTES	0.25%	7/10/23	3,125.00		
1/25/21	1/25/21	1,100,000	3137EAET2	FREDDIE MAC NOTES	0.12%	7/25/22	695.14		
2/1/21	2/1/21	0	MONEY0002	MONEY MARKET FUND			6.23		
2/24/21	2/24/21	1,000,000	3137EAEV7	FREDDIE MAC NOTES	0.25%	8/24/23	1,270.83		
3/1/21	3/1/21	0	MONEY0002	MONEY MARKET FUND			5.71		
3/23/21	3/23/21	285,000	3137EAEX3	FREDDIE MAC NOTES	0.37%	9/23/25	528.44		
Total INTEREST		**4,885,000**					**5,637.57**		

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
Federal Agency Bond / Note											
FREDDIE MAC NOTES DTD 07/23/2020 0.125% 07/25/2022	3137EAET2	805,000.00	AA+	Aaa	7/21/2020	7/23/2020	803,180.70	0.24	184.48	803,807.02	804,985.51
FREDDIE MAC NOTES DTD 07/23/2020 0.125% 07/25/2022	3137EAET2	295,000.00	AA+	Aaa	7/22/2020	7/23/2020	294,420.92	0.22	67.60	294,620.28	294,994.69
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	1,996,855.04	1,998,970.00
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	2,496,475.34	2,500,540.00
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	999,047.35	999,989.00
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	284,230.57	279,935.27
Security Type Sub-Total		**6,885,000.00**					**6,872,083.77**	**0.27**	**2,827.91**	**6,875,035.60**	**6,879,414.47**
Managed Account Sub Total		**6,885,000.00**					**6,872,083.77**	**0.27**	**2,827.91**	**6,875,035.60**	**6,879,414.47**
Securities Sub-Total		**$6,885,000.00**					**$6,872,083.77**	**0.28%**	**$2,827.91**	**$6,875,035.60**	**$6,879,414.47**
Accrued Interest											**$2,827.91**
Total Investments											**$6,882,242.38**

Bolded items are forward settling trades.

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. 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. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- 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.
- **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 DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **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.
- **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.