



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: October 12, 2009
To: Business and Finance Committee
From: Brian G. Thomas, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report September 2009

This letter transmits a summary report of investments, cash balances and performance report with total return, and duration comparisons for the end of the current month. A detailed report of investments is filed each month with the Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Chapter 5101 of the MWD Administrative Code and the Investment Policy dated June 9, 2009 with the exception of the Lehman corporate notes previously reported to the Board at the September 23, 2008 meeting of the Executive Committee. The Board approved holding these notes, in recognition of market conditions and Lehman's bankruptcy filing, in order to sell these securities in an orderly fashion. Attachment 2a shows the market value of the Lehman corporate notes. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in black ink, appearing to read 'Brian G. Thomas'.

Brian G. Thomas

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
September 2009

	Market Value (\$ in Thousands)	Duration		Monthly Return		Annualized Monthly Return		Annualized Return	
		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	*Inception-to-Date MWD	Benchmark
Short-Term	(1) \$ 737,776	0.27	0.25	0.06%	0.02%	0.69%	0.29%	3.08%	2.52%
Long-Term	(2) 291,685	2.99	2.60	0.79%	0.50%	9.90%	6.12%	4.90%	4.38%
Total Core Funds	\$ 1,029,461								
Other Funds	(3) 151,966	10.54		5.64%		93.19%		10.54%	
Total	<u>\$ 1,181,427</u>								

(1) The Short-Term Portfolio Benchmark is the Merrill Lynch, Three Month Treasury Bill Index.

(2) The Long-Term Portfolio Benchmark is the Merrill Lynch, Corporate and Government, 1 to 5 years, A Rated and Higher Index.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2
Portfolio Summary Report
September 30, 2009

(\$ in Thousands)

<u>Securities</u>	<u>Credit Quality</u>		<u>Book Value</u>		<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Investment Policy Limits</u>
United States Treasuries	"AAA" *	\$	145,649	\$	148,268	12.5%	100%
Gov't National Mtge Assoc.	"AAA" *	\$	19	\$	21	0.0%	100%
Federal Agencies	"AAA"	\$	480,098	\$	481,821	40.8%	100%
Repurchase Agreements	"AAA" **					0.0%	50%
Bankers' Acceptances	"F1" ***	\$	5,836	\$	5,836	0.5%	40%
Commercial Paper	"A1/P1" ***	\$	135,494	\$	135,490	11.5%	25%
Negotiable Certificates of Deposit	"F1"					0.0%	30%
Time Deposits	"F1"					0.0%	N/A
Shares of Beneficial Interest	"AAA"	\$	1,160	\$	1,160	0.1%	20%
Local Agency Investment Fund		\$	40,000	\$	40,000	3.4%	N/A
(1) Medium Term Notes	"A" ***	\$	106,302	\$	105,342	8.9%	30%
Asset & Mortgage-Backed Securities	"AAA"	\$	52,282	\$	53,971	4.6%	20%
(2) Municipals	*** ***	\$	205,750	\$	209,518	17.7%	30%
Total Portfolio			<u>\$ 1,172,590</u>		<u>\$ 1,181,427</u>	<u>100.0%</u>	

* Explicit United States Government Guarantee.

** Use only primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.

*** The securities are rated A or better, including short-term ratings of P1/A1/F1 or better.

(1) Please see attachment 2a for securities that are rated less than A.

(2) The municipal bonds portfolio book and market value of \$86 million was rated AAA.
The remaining balance of the portfolio was rated A or better.

Portfolio Summary Report
Attachment 2a
August 31, 2009
(\$ in Thousands)

	Credit Ratings		Description	Maturity Date	Book Value	Market Value
	Moody's	S&P				
(1)	*	*	Lehman Corporate Floating Rate Note	10/22/2008	\$ 286	\$ 48
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 4,978	\$ 850
					\$ 5,264	\$ 898

* Note: Securities are in default. Therefore, the Credit Rating Agencies no longer provide ratings.

(1) Medium Term Notes.

Attachment 3
Summary Report of Investment & Cash Activity
September 2009

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 154,724	\$ 17,137	\$ 11,742	\$ 14,470	\$ 145,649
Gov't National Mtge Assoc.	19				19
Federal Agencies	466,497	241,833	164,399	63,833	480,098
Repurchase Agreements	-				-
Bankers' Acceptances	7,596	8,046		9,806	5,836
Commercial Paper	133,082	809,886		807,474	135,494
Negotiable Certificates of Deposit	-				-
Time Deposits	-				-
Shares of Beneficial Interest	1,495	1,287	1,622		1,160
Local Agency Investment Fund - California	30,000	10,000			40,000
Medium Term Notes	102,607	24,540	376	20,469	106,302
Asset & Mortgage-Backed Securities	42,110	10,817	182	463	52,282
Municipal Bonds	209,046	2,250	5,921	(375)	205,750
Subtotals	\$ 1,147,176	\$ 1,125,796	\$ 184,242	\$ 916,140	\$ 1,172,590
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 656	321			\$ 977
Petty Cash	5				5
Less Overnight Investment	(7,999)	4,504			(3,495)
Subtotals	\$ (7,338)	\$ 4,825	\$ -	\$ -	\$ (2,513)
Total	\$ 1,139,838	\$ 1,130,621	\$ 184,242	\$ 916,140	\$ 1,170,077

(A) Includes investment of outstanding checks.