



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: November 9, 2009
To: Business and Finance Committee
From: Brian G. Thomas, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report October 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.

Brian G. Thomas

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
October 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) \$ 725,361	0.26	0.24	0.05%	0.02%	0.61%	0.26%	3.05%	2.50%
Long-Term	(2) 292,992	3.11	2.59	0.397%	0.404%	4.87%	4.96%	4.90%	4.39%
Total Core Funds	\$ 1,018,353								
Other Funds	(3) 145,788	10.21		-3.90%		-37.92%		9.53%	
Total	<u>\$ 1,164,141</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
October 31, 2009

(\$ in Thousands)

<u>Securities</u>	<u>Credit Quality</u>		<u>Market Value</u>		<u>Book Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Investment Policy Limits</u>
United States Treasuries	"AAA" *	\$	158,338	\$	156,044	13.60%	100%
Gov't National Mtge Assoc.	"AAA" *	\$	21	\$	19	0.00%	100%
Federal Agencies	"AAA"	\$	569,228	\$	567,842	48.90%	100%
Repurchase Agreements	"AAA" **	\$	-	\$	-	0.00%	50%
Bankers' Acceptances	"F1" ***	\$	528	\$	528	0.05%	40%
Commercial Paper	"A1/P1" ***	\$	50,281	\$	50,281	4.32%	25%
Negotiable Certificates of Deposit	"F1"	\$	-	\$	-	0.00%	30%
Time Deposits	"F1"	\$	-	\$	-	0.00%	N/A
Shares of Beneficial Interest	"AAA"	\$	580	\$	580	0.05%	20%
Local Agency Investment Fund		\$	40,000	\$	40,000	3.44%	N/A
(1) Medium Term Notes	"A" ***	\$	76,982	\$	78,745	6.61%	30%
Asset & Mortgage-Backed Securities	"AAA"	\$	54,405	\$	52,751	4.67%	20%
(2) Municipals	*** ***	\$	213,778	\$	216,473	18.36%	30%
Total Portfolio			<u>\$ 1,164,141</u>		<u>\$ 1,163,263</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
October 31, 2009
(\$ in Thousands)

	Credit Ratings		Description	Maturity Date	Market Value	Book Value
	Moody's	S&P				
(1)	*	*	Lehman Corporate Floating Rate Note	10/22/2008	\$ 45	\$ 286
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 788	\$ 4,978
					\$ 833	\$ 5,264

* 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
October 2009

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 145,649	\$ 18,964	\$ 8,569	\$ -	\$ 156,044
Gov't National Mtge Assoc.	19	\$ 2	\$ 2	\$ -	19
Federal Agencies	480,098	\$ 260,422	\$ 135,926	\$ 36,752	567,842
Repurchase Agreements	-				-
Bankers' Acceptances	5,836	\$ 5,751	\$ -	\$ 11,059	528
Commercial Paper	135,494	\$ 471,006	\$ -	\$ 556,219	50,281
Negotiable Certificates of Deposit	-				-
Time Deposits	-				-
Shares of Beneficial Interest	1,160	\$ 5,413	\$ 5,993	\$ -	580
Local Agency Investment Fund - California	40,000	\$ -	\$ -	\$ -	40,000
Medium Term Notes	106,302	\$ 4,218	\$ 13,914	\$ 17,861	78,745
Asset & Mortgage-Backed Securities	52,282	\$ 4,003	\$ 2,269	\$ 1,265	52,751
Municipal Bonds	205,750	\$ 10,723	\$ -	\$ -	216,473
Subtotals	\$ 1,172,590	\$ 780,502	\$ 166,673	\$ 623,156	\$ 1,163,263
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 977			\$ 134	\$ 843
Petty Cash	5				5
Less Overnight Investment	(3,495)			2,504	(5,999) (A)
Subtotals	\$ (2,513)	\$ -	\$ -	\$ 2,638	\$ (5,151)
Total	\$ 1,170,077	\$ 780,502	\$ 166,673	\$ 625,794	\$ 1,158,112

(A) Includes investment of outstanding checks.