



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: February 8, 2010
To: Business and Finance Committee
From: Brian G. Thomas, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report January 2010

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
January 2010

		Market Value (\$ in Thousands)	Duration		Monthly Return		Annualized Monthly Return		Annualized Return *Inception-to-Date	
			MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$ 779,562	0.30	0.24	0.17%	0.01%	2.08%	0.07%	2.99%	2.42%
Long-Term	(2)	295,741	2.89	2.56	1.05%	1.07%	13.33%	13.62%	4.87%	4.37%
Total Core Funds		\$ 1,075,303								
Other Funds	(3)	139,329	10.18		1.10%		14.04%		9.25%	
Total		<u>\$ 1,214,632</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
January 31, 2010

(\$ 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" *	\$	185,571	\$ 184,089	15.28%	100%
Gov't National Mtge Assoc.	"AAA" *	\$	2,990	\$ 2,808	0.25%	100%
Federal Agencies	"AAA"	\$	552,721	\$ 551,630	45.51%	100%
Repurchase Agreements	"AAA" **	\$	-	\$ -	0.00%	50%
Bankers' Acceptances	"F1" ***	\$	9,276	\$ 9,276	0.76%	40%
Commercial Paper	"A1/P1" ***	\$	60,553	\$ 60,555	4.99%	25%
Negotiable Certificates of Deposit	"F1"	\$	19,025	\$ 19,025	1.57%	30%
Time Deposits	"F1"	\$	-	\$ -	0.00%	N/A
Shares of Beneficial Interest	"AAA"	\$	878	\$ 878	0.07%	20%
Local Agency Investment Fund		\$	50,000	\$ 50,000	4.12%	N/A
(1) Medium Term Notes	"A" ***	\$	92,791	\$ 93,455	7.64%	30%
Asset & Mortgage-Backed Securities	"AAA"	\$	42,725	\$ 41,346	3.52%	20%
(2) Municipals	*** ***	\$	198,102	\$ 202,098	16.31%	30%
Total Portfolio			<u>\$ 1,214,632</u>	<u>\$ 1,215,160</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 \$74.2 million was rated AAA. The remaining balance of the portfolio was rated A or better.

Portfolio Summary Report
Attachment 2a
January 31, 2010
(\$ in Thousands)

	Credit Ratings		Description	Maturity Date	Market Value	Book Value
	Moody's	S&P				
(1)	*	*	Lehman Corporate Floating Rate Note	10/22/2008	\$ 59	\$ 286
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 1,044	\$ 4,979
					\$ 1,103	\$ 5,265

* Note: Securities are in default and credit ratings are no longer provided by the various rating agencies.

(1) Medium Term Notes.

Attachment 3
Summary Report of Investment & Cash Activity
January 2010

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 179,600	\$ 7,134	\$ 2,645	\$ -	\$ 184,089
Gov't National Mtge Assoc.	\$ 2,897	\$ -	\$ -	\$ 89	2,808
Federal Agencies	\$ 492,023	\$ 249,117	\$ 179,010	\$ 10,500	551,630
Repurchase Agreements	\$ -	\$ -	\$ -	\$ -	-
Bankers' Acceptances	\$ 1,761	\$ 9,354	\$ -	\$ 1,839	9,276
Commercial Paper	\$ 100,367	\$ 618,876	\$ -	\$ 658,688	60,555
Negotiable Certificates of Deposit	\$ 60,325	\$ 62,000	\$ -	\$ 103,300	19,025
Time Deposits	\$ -	\$ -	\$ -	\$ -	-
Shares of Beneficial Interest	\$ 511	\$ 6,803	\$ 6,436	\$ -	878
Local Agency Investment Fund - California	\$ 46,940	\$ 18,640	\$ 15,580	\$ -	50,000
Medium Term Notes	\$ 92,672	\$ 10,057	\$ 1,164	\$ 8,110	93,455
Asset & Mortgage-Backed Securities	\$ 45,818	\$ -	\$ 545	\$ 3,927	41,346
Municipal Bonds	\$ 218,365	\$ 393	\$ 16,660	\$ -	202,098
Subtotals	\$ 1,241,279	\$ 982,374	\$ 222,040	\$ 786,453	\$ 1,215,160
	Ending Balance	Deposits	Withdrawals	Ending Balance	
Cash					
Demand Accounts	\$ 860	424		\$ 1,284	
Petty Cash	5			\$ 5	
Less Overnight Investment	3,000		3,000		
Subtotals	\$ 3,865	\$ 424	\$ -	\$ 3,000	\$ 1,289
Total	\$ 1,245,144	\$ 982,798	\$ 222,040	\$ 789,453	\$ 1,216,449

(A) Includes investment of outstanding checks.