



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

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

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
February 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) \$ 719,790	0.37	0.24	0.09%	0.00%	1.05%	0.04%	2.97%	2.39%
Long-Term	(2) 296,537	2.88	2.59	0.35%	0.34%	4.23%	4.11%	4.86%	4.36%
Total Core Funds	\$ 1,016,327								
Other Funds	(3) 141,301	9.83		1.54%		20.07%		9.83%	
Total	<u>\$ 1,157,628</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
February 28, 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	(1)	\$ 191,949	\$ 190,364	16.58%	100%
Gov't National Mtge Assoc.	(1)	2,865	2,686	0.25%	100%
Federal Agencies		455,416	453,883	39.34%	100%
Repurchase Agreements	(2)	-	-	0.00%	50%
Bankers' Acceptances		7,028	7,028	0.61%	40%
Commercial Paper		116,404	116,410	10.06%	25%
Negotiable Certificates of Deposit		1,994	1,994	0.17%	30%
Time Deposits		-	-	0.00%	N/A
Shares of Beneficial Interest		572	572	0.05%	20%
Local Agency Investment Fund		50,000	50,000	4.32%	N/A
Medium Term Notes	(3)	94,743	95,625	8.18%	30%
Asset & Mortgage-Backed Securities		38,887	37,673	3.36%	20%
Municipals	(4)	197,770	200,430	17.08%	30%
Total Portfolio		<u>\$ 1,157,628</u>	<u>\$ 1,156,665</u>	<u>100.0%</u>	

- (1) Securities have an explicit United States Government guarantee.
(2) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agency securities.
(3) Please see attachment 2a for medium term notes that are rated less than A.
(4) \$116.8 million (market value) of the municipal bond portfolio was rated AAA.

Portfolio Summary Report
Attachment 2a
February 28, 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	\$ 64	\$ 286
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 1,125	\$ 4,680
					\$ 1,189	\$ 4,966

* 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
February 2010

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 184,089	\$ 33,970	\$ -	\$ 27,695	\$ 190,364
Gov't National Mtge Assoc.	2,808	-	-	122	2,686
Federal Agencies	551,630	160,606	244,740	13,613	453,883
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	9,276	8,801	-	11,049	7,028
Commercial Paper	60,555	301,731	-	245,876	116,410
Negotiable Certificates of Deposit	19,025	3,994	-	21,025	1,994
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	878	6,020	6,326	-	572
Local Agency Investment Fund - California	50,000	24,328	24,328	-	50,000
Medium Term Notes	93,455	8,738	2,338	4,230	95,625
Asset & Mortgage-Backed Securities	41,346	1,603	155	5,121	37,673
Municipal Bonds	202,098	9,765	11,433	-	200,430
Subtotals	\$ 1,215,160	\$ 559,556	\$ 289,320	\$ 328,731	\$ 1,156,665
Cash	Beginning Balance	Deposits	Withdrawals	Ending Balance	
Demand Accounts	\$ 1,284		923	\$ 361	
Petty Cash	5			5	
Less Overnight Investment					(1)
Subtotals	\$ 1,289	\$ -	\$ -	\$ 923	\$ 366
Total	\$ 1,216,449	\$ 559,556	\$ 289,320	\$ 329,654	\$ 1,157,031

(1) Includes investment of outstanding checks.