



**MWD**

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

**Date:** April 12, 2010  
**To:** Business and Finance Committee  
**From:** Brian G. Thomas, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report March 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

BGT:js

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Attachments

Attachment 1

**The Metropolitan Water District of Southern California (MWD)  
Portfolio Performance Report  
March 2010**

	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)	\$ 637,725	0.37	0.23	0.02%	0.00%	0.29%	0.05%	2.97%	2.37%
Long-Term (2)	\$ 295,808	2.85	2.60	(0.26%)	(0.29%)	(3.09%)	(3.38%)	4.77%	4.27%
Total Core Funds	\$ 933,533								
Other Funds (3)	\$ 140,042					(8.46%)		9.74%	
Total	\$ 1,073,575								

- (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**  
**March 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	(1)	"AAA"	\$ 191,859	\$ 191,788	17.87%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	499	490	0.05%	100%
Federal Agencies		"AAA"	439,632	438,565	40.95%	100%
Repurchase Agreements	(2)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	2,911	2,911	0.27%	40%
Commercial Paper		"A1/P1 or higher"	64,998	64,999	6.05%	25%
Negotiable Certificates of Deposit		"F1 or higher"	-	-	0.00%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	604	604	0.06%	20%
Local Agency Investment Fund			50,000	50,000	4.66%	N/A
Medium Term Notes	(3)	"A or higher"	83,625	85,305	7.79%	30%
Asset & Mortgage-Backed Securities		"AAA"	42,575	41,494	3.97%	20%
Municipals	(4)	"A or higher"	196,872	200,824	18.34%	30%
Total Portfolio			<u>\$ 1,073,575</u>	<u>\$ 1,076,980</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 Agencies with maturities under 5 years.

(3) Please see attachment 2a for medium term notes that are rated less than A.

(4) \$116.4 million (market value) of the municipal bond portfolio was rated AAA.

**Portfolio Summary Report**  
**Attachment 2a**  
**March 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	\$ 66	\$ 286
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 1,163	\$ 4,980
					<b>\$ 1,229</b>	<b>\$ 5,266</b>

\* 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**  
**March 2010**

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 190,364	\$ 10,664	\$ 9,240	\$ -	\$ 191,788
Gov't National Mtge Assoc.	2,686	-	2,110	86	490
Federal Agencies	453,883	206,186	211,639	9,865	438,565
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	7,028	7,290	-	11,407	2,911
Commercial Paper	116,410	938,692	-	990,103	64,999
Negotiable Certificates of Deposit	1,994	-	-	1,994	-
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	572	2,320	2,288	-	604
Local Agency Investment Fund - California	50,000	-	-	-	50,000
Medium Term Notes	95,625	12,833	10,018	13,135	85,305
Asset & Mortgage-Backed Securities	37,673	4,799	147	831	41,494
Municipal Bonds	200,430	394	-	-	200,824
<b>Subtotals</b>	<b>\$ 1,156,665</b>	<b>\$ 1,183,178</b>	<b>\$ 235,442</b>	<b>\$ 1,027,421</b>	<b>\$ 1,076,980</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 361			350	\$ 11
Petty Cash	5				5
Less Overnight Investment					(1)
<b>Subtotals</b>	<b>\$ 366</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 350</b>	<b>\$ 16</b>
<b>Total</b>	<b>\$ 1,157,031</b>	<b>\$ 1,183,178</b>	<b>\$ 235,442</b>	<b>\$ 1,027,771</b>	<b>\$ 1,076,996</b>

(1) Includes investment of outstanding checks.