



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: June 7, 2010
To: Business and Finance Committee
From: Brian G. Thomas, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report May 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
May 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)	\$ 633,437	0.33	0.23	0.09%	0.02%	1.09%	0.18%	2.91%	2.32%
Long-Term	(2)	300,584	2.75	2.59	0.71%	0.47%	8.87%	5.78%	4.85%	4.31%
Total Core Funds		\$ 934,021								
Other Funds	(3)	139,200	8.29		1.42%		18.37%		9.58%	
Total		<u>\$ 1,073,221</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
May 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"	\$ 202,014	\$ 198,530	18.82%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	439	431	0.04%	100%
Federal Agencies		"AAA"	430,825	428,872	40.14%	100%
Repurchase Agreements	(2)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	53,946	53,948	5.03%	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"	942	942	0.09%	20%
Local Agency Investment Fund			50,000	50,000	4.66%	N/A
Medium Term Notes	(3)	"A or higher"	101,443	103,669	9.45%	30%
Asset & Mortgage-Backed Securities		"AAA"	40,101	39,229	3.74%	20%
Municipals	(4)	"A or higher"	193,511	195,005	18.03%	30%
Total Portfolio			<u>\$ 1,073,221</u>	<u>\$ 1,070,626</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) \$120 million (market value) of the municipal bond portfolio was rated AAA.

Portfolio Summary Report
Attachment 2a
May 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	\$ 1,038	\$ 4,981
					\$ 1,097	\$ 5,267

* 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
May 2010

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 205,661	\$ 34,206	\$ 13,585	\$ 27,752	\$ 198,530
Gov't National Mtge Assoc.	457	-	-	26	431
Federal Agencies	336,650	230,356	104,473	33,661	428,872
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	13,423	-	13,423	-
Commercial Paper	119,064	663,164	-	728,280	53,948
Negotiable Certificates of Deposit	2,725	750	-	3,475	-
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	598	1,823	1,479	-	942
Local Agency Investment Fund - California	50,000	-	-	-	50,000
Medium Term Notes	100,721	24,962	1,013	21,001	103,669
Asset & Mortgage-Backed Securities	40,375	(10)	146	990	39,229
Municipal Bonds	200,161	36,504	41,660	-	195,005
Subtotals	\$ 1,056,412	\$ 1,005,178	\$ 162,356	\$ 828,608	\$ 1,070,626
	Beginning				Ending
Cash	Balance	Deposits		Withdrawals	Balance
Demand Accounts	\$ 562	92			\$ 654
Petty Cash	5				5
Less Overnight Investment	-	-			\$ -
Subtotals	\$ 567	\$ 92	\$ -	\$ -	\$ 659
Total	\$ 1,056,979	\$ 1,005,270	\$ 162,356	\$ 828,608	\$ 1,071,285