



● ***Treasurer's Monthly Report for November 2010***

Summary

The attached Treasurer's monthly report, as required by Section 5114 of the Metropolitan Administrative Code, provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

Attachments

Attachment 1: Portfolio Performance Report – November 2010

Attachment 2: Portfolio Summary Report – November 2010

Attachment 3: Summary Report of Investment & Cash Activity – November 2010

Attachment 4: Duration Report – November 2010



MWD
METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: December 13, 2010
To: Business and Finance Committee
From: Brian G. Thomas, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report November 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 8, 2010 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.

As of November 30, 2010, Metropolitan posted \$13.1 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Brian G. Thomas

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
November 30, 2010

		Market Value		Duration		Monthly Return		Annualized Monthly Return		Annualized Return *Inception-to-Date	
		(\$ in Thousands)		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$	447,540	0.31	0.23	0.00%	0.01%	0.00%	0.06%	2.81%	2.19%
Long-Term	(2)		308,877	2.57	2.55	(0.29%)	(0.43%)	(3.44%)	(5.01%)	4.89%	4.34%
Total Core Funds		\$	756,417								
Other Funds	(3)		136,447	5.81		(1.74%)		(18.97%)		9.11%	
Total		\$	892,864								

(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
November 30, 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"	\$ 211,014	\$ 205,539	23.63%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	267	263	0.03%	100%
Federal Agencies	(2)	"AAA"	314,745	311,928	35.25%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	3,757	3,757	0.42%	40%
Commercial Paper		"A1/P1 or higher"	59,534	59,534	6.67%	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"	318	318	0.04%	20%
Local Agency Investment Fund			50,000	50,000	5.60%	N/A
Medium Term Notes	(4)	"A or higher"	101,147	102,991	11.33%	30%
Asset & Mortgage-Backed Securities		"AAA"	35,081	34,567	3.93%	20%
Municipals	(5)	"AA or higher"	117,001	117,906	13.10%	30%
Total Portfolio			<u>\$ 892,864</u>	<u>\$ 886,803</u>	<u>100.00%</u>	

(1) Securities have an explicit United States Government guarantee.

(2) As of November 30, 2010, Metropolitan posted \$13.1 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

(3) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.

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

(5) \$76.9 million (market value) of the municipal bond portfolio was rated AAA.

Portfolio Summary Report
Attachment 2a
November 30, 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	\$ 63	\$ 287
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 1,038	\$ 4,984
					\$ 1,101	\$ 5,271

* 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
November 30, 2010

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 200,556	\$ 40,626	\$ 11,455	\$ 24,188	\$ 205,539
Gov't National Mtge Assoc.	293	-	-	30	263
Federal Agencies	(1) 236,072	223,691	129,895	17,940	311,928
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	2,651	10,472	-	9,366	3,757
Commercial Paper	86,394	522,469	-	549,329	59,534
Negotiable Certificates of Deposit	-	-	-	-	-
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	448	18,750	18,880	-	318
Local Agency Investment Fund - California	50,000	-	-	-	50,000
Medium Term Notes	99,791	7,215	3,415	600	102,991
Asset & Mortgage-Backed Securities	39,892	2,399	7,724	-	34,567
Municipal Bonds	149,060	40,326	71,480	-	117,906
Subtotals	\$ 865,157	\$ 865,948	\$ 242,849	\$ 601,453	\$ 886,803
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 8	743			751
Petty Cash	5				5
Overnight Investment	-	-		4,087	-
Overnight Investment	(2) (1,999)	-			(6,086)
Subtotals	\$ (1,986)	\$ 743	\$ -	\$ 4,087	\$ (5,330)
Total	\$ 863,171	\$ 866,691	\$ 242,849	\$ 605,540	\$ 881,473

(1) As of November 30, 2010, Metropolitan posted \$13.1 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

(2) Includes investment of outstanding checks.

Attachment 4
Duration Report
November 30, 2010

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 89,206	0.262
US Treasury Notes	66,587	2.796
US Treasury Strips	21,917	11.322
Federal Agency Coupons (2)	298,704	0.721
Federal Agency Strips	7,755	5.267
Money Market Fund	318	0.000
California Local Agency Investment Fund	50,000	0.000
Commercial Paper	59,534	0.003
Bankers' Acceptances	3,757	0.036
Negotiable Certificates of Deposit	-	-
Corporates	99,565	1.770
California Municipal VRDOs - 7 day put	22,625	0.080
GNMA	267	5.999
Asset Backed	1,088	3.606
Mortgage Backed	33,993	1.006
Total	\$ 755,316	1.235

(1) Duration is a measure of the sensitivity in the price of a bond to changes in interest rates, so it is a measure of risk in a fixed income portfolio. As a rule of thumb, a fixed income portfolio with a duration of 5 (years) will decline 5% in value for every 1% upward movement in comparable interest rates.

(2) As of November 30, 2010, Metropolitan posted \$13.1 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.