



● ***Treasurer's Monthly Report***

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 – March 2011

Attachment 2: Portfolio Summary Report – March 2011

Attachment 3: Summary Report of Investment & Cash Activity – March 2011

Attachment 4: Duration Report – March 2011



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: April 11, 2011
To: Finance and Insurance Committee
From: Thomas E. DeBacker, Interim Chief Financial Officer
Subject: Treasurer's Monthly Report March 2011

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 March 31, 2011, Metropolitan posted \$2.128 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Thomas E. DeBacker

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
March 31, 2011

		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)	\$ 589,919	0.24	0.25	0.07%	0.03%	0.86%	0.31%	2.73%	2.12%
Long-Term	(2)	306,981	2.42	2.57	(0.02%)	(0.01%)	(0.26%)	(0.10%)	4.64%	4.13%
Total Core Funds		\$ 896,900								
Other Funds	(3)	131,011	5.53		(0.40%)		(4.65%)		8.20%	
Total		<u>\$ 1,027,911</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
March 31, 2011

(\$ 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"	\$ 193,565	\$ 192,266	18.83%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	157	154	0.01%	100%
Federal Agencies	(2)	"AAA"	391,084	390,534	38.05%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	1,602	1,602	0.16%	40%
Commercial Paper		"A1/P1 or higher"	88,978	88,980	8.66%	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"	1,088	1,088	0.10%	20%
Local Agency Investment Fund			40,700	40,700	3.96%	N/A
Medium Term Notes	(4)	"A or higher"	115,790	117,689	11.26%	30%
Asset & Mortgage-Backed Securities		"AAA"	43,158	43,061	4.20%	20%
Municipals	(5)	"A or higher"	151,789	154,788	14.77%	30%
Total Portfolio			<u>\$ 1,027,911</u>	<u>\$ 1,030,862</u>	<u>100.00%</u>	

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

(2) As of March 31, 2011, Metropolitan posted \$2.128 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) \$99.5 million (market value) of the municipal bond portfolio was rated AAA.

Portfolio Summary Report
Attachment 2a
March 31, 2011
(\$ in Thousands)

	Credit Ratings		Description	Maturity Date	Market Value	Book Value
	Moody's	S&P				
(1)	*	*	Lehman Corporate Floating Rate Note	10/22/2008	\$ 73	\$ 287
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 1,281	\$ 4,985
					\$ 1,354	\$ 5,272

* 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 31, 2011

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 199,938	\$ 75	\$ 7,747	\$ -	\$ 192,266
Gov't National Mtge Assoc.	178	-	-	24	154
Federal Agencies (1)	475,043	167,888	248,397	4,000	390,534
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	1,375	4,178	-	3,951	1,602
Commercial Paper	42,496	806,794	-	760,310	88,980
Negotiable Certificates of Deposit	20,694	35,429	-	56,123	-
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	1,136	1,300	1,348	-	1,088
Local Agency Investment Fund - California	50,000	-	9,300	-	40,700
Medium Term Notes	112,125	32,839	3,324	23,951	117,689
Asset & Mortgage-Backed Securities	34,335	9,373	647	-	43,061
Municipal Bonds	151,157	3,631	-	-	154,788
Subtotals	\$ 1,088,477	\$ 1,061,507	\$ 270,763	\$ 848,359	\$ 1,030,862
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 3,096	-		2,036	1,060
Petty Cash	5				5
Overnight Investment (2)	(1,507)	1,507		-	-
Subtotals	\$ 1,594	\$ 1,507	\$ -	\$ 2,036	\$ 1,065
Total	\$ 1,090,071	\$ 1,063,014	\$ 270,763	\$ 850,395	\$ 1,031,927

(1) As of March 31, 2011, Metropolitan posted \$2.128 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
March 31, 2011

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 68,484	0.170
US Treasury Notes	81,640	3.642
US Treasury Strips	11,448	12.324
Federal Agency Coupons	368,241	0.503
Federal Agency Strips	7,563	4.887
Federal Agency Discount Notes	5,000	0.123
Money Market Fund	1,088	0.000
California Local Agency Investment Fund	40,700	0.000
Commercial Paper	88,978	0.000
Bankers' Acceptances	1,602	0.023
Negotiable Certificates of Deposit	-	-
Corporates	113,956	1.423
California Municipal VRDOs - 7 day put	61,403	0.032
GNMA	157	5.902
Asset Backed	1,084	3.303
Mortgage Backed	42,074	0.928
Total	\$ 893,418	
 Weighted Average Duration		 0.986

- (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.