



• **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 – April 2011

Attachment 2: Portfolio Summary Report – April 2011

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

Attachment 4: Duration Report – April 2011



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: May 9, 2011
To: Finance and Insurance Committee
From: Thomas E. DeBacker, Interim Chief Financial Officer
Subject: Treasurer's Monthly Report April 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 April 30, 2011, Metropolitan posted \$4.993 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
 April 30, 2011

	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)	\$ 585,706	0.22	0.24	0.29%	0.02%	3.57%	0.24%	2.73%	2.10%
Long-Term (2)	\$ 308,751	2.70	2.57	0.67%	0.79%	8.36%	9.88%	4.68%	4.18%
Total Core Funds	\$ 894,457								
Other Funds (3)	\$ 132,814	5.59		1.47%		19.18%		8.04%	
Total	\$ 1,027,271								

(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
April 30, 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"	\$ 195,565	\$ 193,191	19.04%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	135	132	0.01%	100%
Federal Agencies	(2)	"AAA"	345,265	343,384	33.61%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	6,231	6,232	0.60%	40%
Commercial Paper		"A1/P1 or higher"	115,245	115,247	11.22%	25%
Negotiable Certificates of Deposit		"F1 or higher"	7,000	7,000	0.68%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	644	644	0.06%	20%
Local Agency Investment Fund			50,000	50,000	4.87%	N/A
Medium Term Notes	(4)	"A or higher"	111,024	112,438	10.81%	30%
Asset & Mortgage-Backed Securities		"AAA"	41,055	40,955	4.00%	20%
Municipals	(5)	"A or higher"	155,107	156,955	15.10%	30%
Total Portfolio			<u>\$ 1,027,271</u>	<u>\$ 1,026,178</u>	<u>100.00%</u>	

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

(2) As of April 30, 2011, Metropolitan posted \$4.993 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) \$101.4 million (market value) of the municipal bond portfolio was rated AAA.

Portfolio Summary Report
Attachment 2a
April 30, 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	\$ 1,275	\$ 4,986
					\$ 1,348	\$ 5,273

* 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
April 30, 2011

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 192,266	\$ 27,983	\$ 6,018	\$ 21,040	\$ 193,191
Gov't National Mtge Assoc.	154	-	-	22	132
Federal Agencies	(1) 390,534	77,497	124,647	-	343,384
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	1,602	8,870	-	4,240	6,232
Commercial Paper	88,980	506,758	-	480,491	115,247
Negotiable Certificates of Deposit	-	7,700	-	700	7,000
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	1,088	2,319	2,763	-	644
Local Agency Investment Fund - California	40,700	9,300	-	-	50,000
Medium Term Notes	117,689	13,239	9	18,481	112,438
Asset & Mortgage-Backed Securities	43,061	-	2,106	-	40,955
Municipal Bonds	154,788	2,167	-	-	156,955
Subtotals	\$ 1,030,862	\$ 655,833	\$ 135,543	\$ 524,974	\$ 1,026,178
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 1,060	-		188	872
Petty Cash	5				5
Overnight Investment	-			-	-
Subtotals	\$ 1,065	\$ -	\$ -	\$ 188	\$ 877
Total	\$ 1,031,927	\$ 655,833	\$ 135,543	\$ 525,162	\$ 1,027,055

(1) As of April 30, 2011, Metropolitan posted \$4.993 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
April 30, 2011

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 63,853	0.199
US Treasury Notes	83,655	3.614
US Treasury Strips	15,637	14.418
Federal Agency Coupons	319,506	0.542
Federal Agency Strips	7,672	4.828
Federal Agency Discount Notes	5,000	0.041
Money Market Fund	644	0.000
California Local Agency Investment Fund	50,000	0.000
Commercial Paper	115,245	0.013
Bankers' Acceptances	6,088	0.024
Negotiable Certificates of Deposit	7,000	0.005
Corporates	109,191	1.509
California Municipal VRDOs - 7 day put	63,435	0.028
GNMA	135	5.876
Asset Backed	1,083	3.226
Mortgage Backed	39,972	0.907
Total	<u>\$ 888,116</u>	
Weighted Average Duration		1.081

(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.