



● **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 – February 2013

Attachment 2: Portfolio Summary Report – February 2013

Attachment 3: Summary Report of Investment & Cash Activity – February 2013

Attachment 4: Duration Report – February 2013



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: March 11, 2013
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report February 2013

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 12, 2012. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

As of February 28, 2013, Metropolitan posted \$17.177 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

A handwritten signature in black ink, appearing to read 'Gary Breaux'.

Gary Breaux

GB-mt

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
February 28, 2013

		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)	\$ 706,343	0.20	0.23	0.150%	0.00%	1.81%	0.00%	2.41%	1.76%
Long-Term	(2)	327,862	2.91	2.72	0.30%	0.26%	3.68%	3.20%	4.43%	3.86%
Total Core Funds		\$ 1,034,205								
Other Funds	(3)	133,592	7.18		0.97%		12.23%		9.03%	
Total		<u>\$ 1,167,797</u>								

(1) The Short-Term Portfolio Benchmark is the Bank of America Merrill Lynch, Three Month Treasury Bill Index.

(2) The Long-Term Portfolio Benchmark is the Bank of America 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
February 28, 2013

(\$ 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	(1,2)	"AAA"	\$ 210,214	\$ 200,950	18.00%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	12	10	0.00%	100%
Federal Agencies	(2,3)	"AAA"	490,937	489,372	42.04%	100%
Repurchase Agreements	(4)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	110,952	110,956	9.50%	25%
Negotiable Certificates of Deposit		"F1 or higher"	47,336	47,336	4.05%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	231	231	0.02%	20%
California Local Agency Investment Fund			50,000	50,000	4.28%	N/A
Medium Term Notes	(6)	"A or higher"	98,760	97,522	8.46%	30%
Asset & Mortgage-Backed Securities		"AAA"	69,170	68,696	5.93%	20%
Municipals	(5)	"A or higher"	90,185	84,034	7.72%	30%
Total Portfolio			<u>\$ 1,167,797</u>	<u>\$ 1,149,107</u>	<u>100.00%</u>	

- (1) Securities have an explicit United States Government guarantee.
- (2) United States Treasuries and Federal Agencies are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating agency.
- (3) As of February 28, 2013, Metropolitan posted \$17.177 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.
- (4) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.
- (5) \$22.886 million (market value) of the municipal bond portfolio was rated AAA.
- (6) Please see attachment 2a for medium term notes that are rated less than A.

Portfolio Summary Report
Attachment 2a
February 28, 2013
(\$ in Thousands)

Credit Ratings		Medium Term Notes	Maturity Date	Market Value	Book Value
Moody's	S&P				
Baa1	A-	Dell Inc 4.7%	4/15/2013	1,330	1,332
				\$ 1,330	\$ 1,332

Attachment 3
Summary Report of Investment & Cash Activity
February 28, 2013

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 199,059	\$ 8,236	\$ 6,345	\$ -	\$ 200,950
Gov't National Mtge Assoc.	10	-	-	-	10
Federal Agencies	(1) 550,503	112,728	173,859	-	489,372
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	76,934	942,718	-	908,696	110,956
Negotiable Certificates of Deposit	26,000	62,236	-	40,900	47,336
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	376	1,333	1,478	-	231
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	76,481	24,371	610	2,720	97,522
Asset & Mortgage-Backed Securities	65,817	4,075	1,196	-	68,696
Municipals	83,617	417	-	-	84,034
Subtotals	\$ 1,128,797	\$ 1,156,114	\$ 183,488	\$ 952,316	\$ 1,149,107
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 100	682		-	782
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 115	\$ 682	\$ -	\$ -	\$ 797
Total	\$ 1,128,912	\$ 1,156,796	\$ 183,488	\$ 952,316	\$ 1,149,904

(1) As of February 28, 2013, Metropolitan posted \$17.177 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Attachment 4
Duration Report
February 28, 2013

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	144,630	1.555
US Treasury Strips	13,956	13.499
Federal Agency Coupons	425,602	0.375
Federal Agency Strips	6,124	4.303
Federal Agency Discount Notes	-	-
Shares of Beneficial Interest	213	0.000
California Local Agency Investment Fund	46,133	0.000
Commercial Paper	102,131	0.009
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	43,675	0.009
Medium Term Notes	90,747	1.969
Municipals	-	-
Gov't National Mtge Assoc.	11	4.815
Asset Backed	1,792	2.467
Mortgage Backed	62,028	3.897
Total	<u>\$ 937,042</u>	
Weighted Average Duration		1.094

- (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.