



● **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 2013

Attachment 2: Portfolio Summary Report – March 2013

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

Attachment 4: Duration Report – March 2013



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: April 8, 2013
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report March 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 March 31, 2013, Metropolitan posted \$16.88 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.



Gary Breaux

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Attachments

Attachment 2
Portfolio Summary Report
March 31, 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"	\$ 219,499	\$ 210,243	19.14%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	12	10	0.00%	100%
Federal Agencies	(2,3)	"AAA"	454,474	452,309	39.63%	100%
Repurchase Agreements	(4)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	85,996	85,997	7.50%	25%
Negotiable Certificates of Deposit		"F1 or higher"	66,995	67,000	5.84%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	604	604	0.05%	20%
California Local Agency Investment Fund			44,050	44,050	3.84%	N/A
Medium Term Notes	(6)	"A or higher"	112,151	110,984	9.78%	30%
Asset & Mortgage-Backed Securities		"AAA"	71,261	70,902	6.21%	20%
Municipals	(5)	"A or higher"	91,905	86,030	8.01%	30%
Total Portfolio			<u>\$ 1,146,947</u>	<u>\$ 1,128,129</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 March 31, 2013, Metropolitan posted \$16.88 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) \$31.366 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
March 31, 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	1,327	1,327
				\$ 1,327	\$ 1,327

Attachment 3
Summary Report of Investment & Cash Activity
March 31, 2013

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 200,950	\$ 12,741	\$ 3,448	\$ -	\$ 210,243
Gov't National Mtge Assoc.	10	-	-	-	10
Federal Agencies	(1) 489,372	274,446	310,112	1,397	452,309
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	110,956	485,765	-	510,724	85,997
Negotiable Certificates of Deposit	47,336	76,999	-	57,335	67,000
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	231	2,853	2,480	-	604
California Local Agency Investment Fund	50,000	5,752	11,702	-	44,050
Medium Term Notes	97,522	14,677	-	1,215	110,984
Asset & Mortgage-Backed Securities	68,696	4,868	2,662	-	70,902
Municipals	84,034	1,996	-	-	86,030
Subtotals	\$ 1,149,107	\$ 880,097	\$ 330,404	\$ 570,671	\$ 1,128,129
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 782	6,185		-	6,967
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 797	\$ 6,185	\$ -	\$ -	\$ 6,982
Total	\$ 1,149,904	\$ 886,282	\$ 330,404	\$ 570,671	\$ 1,135,111

(1) As of March 31, 2013, Metropolitan posted \$16.88 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Attachment 4
Duration Report
March 31, 2013

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	152,333	1.766
US Treasury Strips	14,342	13.641
Federal Agency Coupons	389,850	0.374
Federal Agency Strips	6,184	4.221
Federal Agency Discount Notes	1,564	0.000
Shares of Beneficial Interest	556	0.000
California Local Agency Investment Fund	40,551	0.000
Commercial Paper	79,165	0.103
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	61,673	0.215
Medium Term Notes	102,675	1.666
Municipals	1,746	0.250
Gov't National Mtge Assoc.	11	4.761
Asset Backed	-	-
Mortgage Backed	65,600	3.743
Total	\$ 916,250	
 Weighted Average Duration		 1.173

- (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.