



## ● **Treasurer's Monthly Report**

### **Summary**

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The attached Treasurer's monthly report provides Metropolitan's investments, as well as portfolio compliance with Metropolitan's Statement of Investment Policy and investment programs.

### **Purpose**

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Administrative Code Requirement Section 5114

### **Attachments**

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Attachment 1: Portfolio Performance Report – May 2013

Attachment 2: Portfolio Summary Report – May 2013

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

Attachment 4: Duration Report – May 2013



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** June 10, 2013  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report May 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 May 31, 2013, Metropolitan posted \$13.23 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

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**May 31, 2013**

		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)	\$	754,306	0.20	0.24	(0.14%)	0.01%	(1.66%)	0.08%	2.35%	1.72%
Long-Term	(2)		327,113	2.83	2.75	(0.67%)	(0.52%)	(7.69%)	(6.01%)	4.30%	3.75%
Total Core Funds		\$	1,081,419								
Other Funds	(3)		132,676	6.96		(1.54%)		(16.94%)		8.66%	
Total		\$	<u>1,214,095</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**  
**May 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"	\$ 215,629	\$ 208,114	17.76%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	11	9	0.00%	100%
Federal Agencies	(2,3)	"AAA"	400,485	399,453	32.99%	100%
Repurchase Agreements	(4)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	114,851	114,851	9.46%	25%
Negotiable Certificates of Deposit		"F1 or higher"	144,570	144,566	11.91%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	680	680	0.06%	20%
California Local Agency Investment Fund			50,000	50,000	4.12%	N/A
Medium Term Notes		"A or higher"	101,289	100,487	8.34%	30%
Asset & Mortgage-Backed Securities		"AAA"	64,635	64,652	5.32%	20%
Municipals	(5)	"A or higher"	121,945	116,629	10.04%	30%
Total Portfolio			<u>\$ 1,214,095</u>	<u>\$ 1,199,441</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 May 31, 2013, Metropolitan posted \$13.23 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) \$58.626 million (market value) of the municipal bond portfolio was rated AAA.

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

(Shown at Book Value and \$ in Thousands)

	<b>Beginning Balance</b>	<b>Purchases</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
United States Treasuries	\$ 203,908	\$ 5,031	\$ 825	\$ -	\$ 208,114
Gov't National Mtge Assoc.	9	-	-	-	9
Federal Agencies	(1) 438,894	289,775	317,496	11,720	399,453
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	106,180	595,985	-	587,314	114,851
Negotiable Certificates of Deposit	96,383	75,863	-	27,680	144,566
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	336	4,154	3,810	-	680
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	99,858	39,951	2,918	36,404	100,487
Asset & Mortgage-Backed Securities	67,097	-	2,445	-	64,652
Municipals	101,468	16,326	330	835	116,629
<b>Subtotals</b>	<b>\$ 1,164,133</b>	<b>\$ 1,027,085</b>	<b>\$ 327,824</b>	<b>\$ 663,953</b>	<b>\$ 1,199,441</b>
	<b>Beginning Balance</b>	<b>Deposits</b>		<b>Withdrawals</b>	<b>Ending Balance</b>
<b>Cash</b>					
Demand Accounts	\$ 2,027			1,911	116
Petty Cash & Payroll	15				15
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 2,042</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,911</b>	<b>\$ 131</b>
<b>Total</b>	<b>\$ 1,166,175</b>	<b>\$ 1,027,085</b>	<b>\$ 327,824</b>	<b>\$ 665,864</b>	<b>\$ 1,199,572</b>

(1) As of May 31, 2013, Metropolitan posted \$13.23 million in federal agency securities as collateral with Morgan Stanley, pursuant to various swap agreements.

Attachment 4  
**Duration Report**  
**May 31, 2013**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 33,786	0.320
US Treasury Notes	118,149	2.138
US Treasury Strips	12,385	12.029
Federal Agency Coupons	346,522	0.392
Federal Agency Strips	6,177	4.050
Federal Agency Discount Notes	-	-
Shares of Beneficial Interest	629	0.000
California Local Agency Investment Fund	46,218	0.000
Commercial Paper	106,164	0.043
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	133,635	0.079
Medium Term Notes	93,256	1.894
Municipals	29,717	0.043
Gov't National Mtge Assoc.	10	4.696
Asset Backed	-	-
Mortgage Backed	59,746	3.868
<b>Total</b>	<b>\$ 986,394</b>	
 Weighted Average Duration		 1.011

- (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.