



- Treasurer's Monthly Report

## Summary

---

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

---

Administrative Code Requirement Section 5114

## Attachments

---

- |               |   |
|---------------|---|
| Attachment 1: | Portfolio Performance Report – July 2014                |
| Attachment 2: | Portfolio Summary Report – July 2014                    |
| Attachment 3: | Summary Report of Investment & Cash Activity –July 2014 |
| Attachment 4: | Duration Report – July 2014                             |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** August 18, 2014  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report July 2014

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 10, 2014. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink, appearing to read "Gary Breaux".

Gary Breaux

GB/mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**July 31, 2014**

		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)	\$ 813,657	0.16	0.25	(0.01%)	0.00%	(0.12%)	0.04%	2.16%	1.56%
Long-Term	(2)	330,717	2.78	2.70	(0.14%)	(0.21%)	(1.69%)	(2.50%)	3.98%	3.46%
Total Core Funds		\$ 1,144,374								
Other Funds	(3)	108,251	7.33		0.12%		1.45%		8.25%	
Total		<u>\$ 1,252,625</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**  
**July 31, 2014**

(\$ 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"	\$ 224,237	\$ 220,083	17.90%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	8	7	0.00%	100%
Federal Agencies	(2)	"AAA"	216,861	217,801	17.31%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	607	607	0.05%	40%
Commercial Paper		"A1/P1 or higher"	186,949	186,949	14.93%	25%
Negotiable Certificates of Deposit		"F1 or higher"	256,590	256,585	20.48%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	1,014	1,014	0.08%	20%
California Local Agency Investment Fund			50,000	50,000	3.99%	N/A
Medium Term Notes		"A or higher"	178,813	178,647	14.28%	30%
Asset & Mortgage-Backed Securities		"AAA"	66,642	66,801	5.32%	20%
Municipals	(4)	"A or higher"	70,904	65,658	5.66%	30%
Total Portfolio			<u>\$ 1,252,625</u>	<u>\$ 1,244,152</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) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.
- (4) \$13.252 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**July 31, 2014**

(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	\$ 227,953	\$ 22,708	\$ 30,578	\$ -	\$ 220,083
Gov't National Mtge Assoc.	7	-	-	-	7
Federal Agencies	268,249	93,818	93,341	50,925	217,801
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	277	985	-	655	607
Commercial Paper	318,152	617,841	-	749,044	186,949
Negotiable Certificates of Deposit	332,934	148,926	-	225,275	256,585
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	1,082	756	824	-	1,014
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	174,324	36,972	-	32,649	178,647
Asset & Mortgage-Backed Securities	66,626	794	619	-	66,801
Municipals	66,322	63	302	425	65,658
<b>Subtotals</b>	<b>\$ 1,505,926</b>	<b>\$ 922,863</b>	<b>\$ 125,664</b>	<b>\$ 1,058,973</b>	<b>\$ 1,244,152</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 442	2,896			3,338
Petty Cash & Payroll	15				15
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 457</b>	<b>\$ 2,896</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,353</b>
<b>Total</b>	<b>\$ 1,506,383</b>	<b>\$ 925,759</b>	<b>\$ 125,664</b>	<b>\$ 1,058,973</b>	<b>\$ 1,247,505</b>

Attachment 4  
**Duration Report**  
**July 31, 2014**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 29,452	0.150
US Treasury Notes	146,705	2.432
US Treasury Strips	3,807	21.169
Federal Agency Coupons	180,615	0.455
Federal Agency Strips	5,284	2.589
Federal Agency Discount Notes	5,516	0.300
Shares of Beneficial Interest	930	0.000
California Local Agency Investment Fund	45,851	0.000
Commercial Paper	171,436	0.082
Bankers' Acceptances	557	0.099
Negotiable Certificates of Deposit	235,298	0.126
Medium Term Notes	162,597	1.134
Municipals	247	0.334
Gov't National Mtge Assoc.	8	6.234
Asset Backed	-	-
Mortgage Backed	61,112	3.189
<b>Total</b>	<b>\$ 1,049,415</b>	
 Weighted Average Duration		 0.917

- (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.