



- 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 – February 2015                 |
| Attachment 2 & 2a: | Portfolio Summary Report – February 2015                     |
| Attachment 3:      | Summary Report of Investment & Cash Activity – February 2015 |
| Attachment 4:      | Duration Report – February 2015                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** March 9, 2015  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report February 2015

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.

All of the investments comply with Chapter 5101 of the MWD Administrative Code and the Investment Policy dated June 10, 2014 with the exception of the AT&T corporate notes listed on Attachment 2a of this report. Staff has directed the portfolio manager to sell the securities in a judicious but timely manner.

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**  
**February 28, 2015**

		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)	\$ 1,079,976	0.26	0.22	(0.01%)	0.00%	(0.16%)	0.00%	2.10%	1.49%
Long-Term	(2)	336,159	2.70	2.68	(0.41%)	(0.43%)	(4.86%)	(5.07%)	3.92%	3.40%
Total Core Funds		\$ 1,416,135								
Other Funds	(3)	88,779	7.32		(1.28%)		(14.37%)		8.40%	
Total		<u>\$ 1,504,914</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, 2015**

(\$ 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"	\$ 248,359	\$ 243,335	16.50%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	7	6	0.00%	100%
Federal Agencies	(2)	"AAA"	248,449	248,492	16.51%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	286,563	286,572	19.04%	25%
Negotiable Certificates of Deposit		"F1 or higher"	329,268	329,268	21.88%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	394	394	0.03%	20%
California Local Agency Investment Fund			50,000	50,000	3.32%	N/A
Medium Term Notes	(5)	"A or higher"	223,753	223,359	14.87%	30%
Asset & Mortgage-Backed Securities		"AAA"	59,702	59,561	3.97%	20%
Municipals	(4)	"A or higher"	58,419	53,089	3.88%	30%
Total Portfolio			<u>\$ 1,504,914</u>	<u>\$ 1,494,076</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) \$10.951 million (market value) of the municipal bond portfolio was rated AAA.
- (5) Please see attachment 2a for medium term notes that are rated less than A.

Attachment 2a  
**Portfolio Summary Report**  
**February 28, 2015**  
(\$ in Thousands)

Credit Ratings		Medium Term Notes	Maturity Date	Market Value	Book Value
Moody's	S&P				
Baa1	BBB+	AT&T Inc 1.7%	6/1/2017	1,364,212	1,353,670
Baa1	BBB+	AT&T Inc 2.375%	11/27/2018	848,100	840,000

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**February 28, 2015**

(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	\$ 238,951	\$ 17,569	\$ 13,185	\$ -	\$ 243,335
Gov't National Mtge Assoc.	6	-	-	-	6
Federal Agencies	256,846	85,687	37,538	56,503	248,492
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	400	-	-	400	-
Commercial Paper	243,160	434,695	-	391,283	286,572
Negotiable Certificates of Deposit	374,162	121,006	-	165,900	329,268
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	767	4,364	4,737	-	394
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	269,492	54,013	4,276	95,870	223,359
Asset & Mortgage-Backed Securities	59,107	1,278	824	-	59,561
Municipals	53,039	50	-	-	53,089
<b>Subtotals</b>	<b>\$ 1,545,930</b>	<b>\$ 718,662</b>	<b>\$ 60,560</b>	<b>\$ 709,956</b>	<b>\$ 1,494,076</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 1,510			1,481	29
Petty Cash & Payroll	15				15
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 1,525</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,481</b>	<b>\$ 44</b>
<b>Total</b>	<b>\$ 1,547,455</b>	<b>\$ 718,662</b>	<b>\$ 60,560</b>	<b>\$ 711,437</b>	<b>\$ 1,494,120</b>

Attachment 4  
**Duration Report**  
**February 28, 2015**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ -	-
US Treasury Notes	197,052	2.438
US Treasury Strips	14,074	4.583
Federal Agency Coupons	198,737	0.624
Federal Agency Strips	17,995	0.192
Federal Agency Discount Notes	6,322	0.150
Shares of Beneficial Interest	366	0.000
California Local Agency Investment Fund	46,405	0.000
Commercial Paper	265,961	0.216
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	305,428	0.229
Medium Term Notes	206,568	0.701
Municipals	-	-
Gov't National Mtge Assoc.	6	5.860
Asset Backed	-	-
Mortgage Backed	55,410	2.844
<b>Total</b>	<b><u><u>\$ 1,314,324</u></u></b>	
 Weighted Average Duration		 0.839

(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.