



- 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

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| Attachment 1: | Portfolio Performance Report – June 2015 |
| Attachment 2: | Portfolio Summary Report – June 2015 |
| Attachment 3: | Summary Report of Investment & Cash Activity – June 2015 |
| Attachment 4: | Duration Report – June 2015 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: July 13, 2015
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report June 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 9, 2015. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

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
June 30, 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)	\$ 1,203,262	0.17	0.23	0.01%	0.00%	0.11%	0.02%	2.06%	1.45%
Long-Term	(2)	337,163	2.64	2.68	(0.13%)	(0.14%)	(1.54%)	(1.63%)	3.85%	3.34%
Total Core Funds		\$ 1,540,425								
Other Funds	(3)	78,548	6.34		(0.44%)		(5.20%)		8.38%	
Total		<u>\$ 1,618,973</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
June 30, 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"	\$ 261,091	\$ 256,616	16.13%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	7	6	0.00%	100%
Federal Agencies	(2)	"AAA"	204,001	203,986	12.60%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	324,825	324,822	20.06%	25%
Negotiable Certificates of Deposit		"F1 or higher"	440,936	440,913	27.24%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	532	532	0.03%	20%
California Local Agency Investment Fund			50,000	50,000	3.09%	N/A
Medium Term Notes		"A or higher"	219,601	219,479	13.56%	30%
Asset & Mortgage-Backed Securities		"AAA"	67,653	67,628	4.18%	20%
Municipals	(4)	"A or higher"	50,327	46,696	3.11%	30%
Total Portfolio			<u>\$ 1,618,973</u>	<u>\$ 1,610,678</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) \$10.859 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
June 30, 2015

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 261,911	\$ 5,498	\$ 10,793	\$ -	\$ 256,616
Gov't National Mtge Assoc.	6	-	-	-	6
Federal Agencies	183,346	53,291	8,981	23,670	203,986
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	327,285	432,011	-	434,474	324,822
Negotiable Certificates of Deposit	377,404	93,786	-	30,277	440,913
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	260	5,049	4,777	-	532
California Local Agency Investment Fund	50,000	-	-	-	50,000
Medium Term Notes	232,212	67,340	1,005	79,068	219,479
Asset & Mortgage-Backed Securities	68,203	342	917	-	67,628
Municipals	52,353	4,588	10,245	-	46,696
Subtotals	\$ 1,552,980	\$ 661,905	\$ 36,718	\$ 567,489	\$ 1,610,678
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 103	6,054			6,157
Petty Cash & Payroll	15				15
Overnight Investment	-				-
Subtotals	\$ 118	\$ 6,054	\$ -	\$ -	\$ 6,172
Total	\$ 1,553,098	\$ 667,959	\$ 36,718	\$ 567,489	\$ 1,616,850

Attachment 4
Duration Report
June 30, 2015

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ -	-
US Treasury Notes	209,889	2.318
US Treasury Strips	14,116	4.238
Federal Agency Coupons	130,093	0.536
Federal Agency Strips	442	2.816
Federal Agency Discount Notes	52,149	0.111
Shares of Beneficial Interest	496	0.000
California Local Agency Investment Fund	46,606	0.000
Commercial Paper	302,778	0.065
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	410,840	0.089
Medium Term Notes	203,530	0.823
Municipal Bonds	103	0.084
Municipal Discount Bonds	1,762	7.899
Gov't National Mtge Assoc.	6	5.668
Asset Backed	-	-
Mortgage Backed	63,062	2.442
Total	<u>\$ 1,435,872</u>	
Weighted Average Duration		0.707

- (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.