



- 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 – February 2017 |
| Attachment 2: | Portfolio Summary Report – February 2017 |
| Attachment 3: | Summary Report of Investment & Cash Activity – February 2017 |
| Attachment 4: | Duration Report – February 2017 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: March 13, 2017
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report February 2017

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 Section 5101 of the MWD Administrative Code and the Investment Policy dated June 14, 2016. 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
February 28, 2017

		Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
			MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Short-Term	(1)	\$ 911,375	0.24	0.23	0.08%	0.04%	0.46%	0.27%	1.90%	1.32%
Long-Term	(2)	343,743	2.56	2.70	0.18%	0.21%	(0.73%)	(0.71%)	3.54%	3.09%
Total Core Funds		\$ 1,255,118								
Other Funds	(3)	58,043	4.42		0.42%		(1.80%)		7.83%	
Total		<u>\$ 1,313,161</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, 2017

(\$ 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"	\$ 339,607	\$ 337,592	25.86%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	4	4	0.00%	100%
Federal Agencies	(2)	"AAA"	127,236	127,178	9.69%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	268,420	268,353	20.44%	25%
Negotiable Certificates of Deposit		"F1 or higher"	294,462	294,363	22.42%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	597	597	0.05%	20%
California Local Agency Investment Fund			65,000	65,000	4.95%	N/A
Medium Term Notes		"A or higher"	121,115	121,110	9.22%	30%
Asset & Mortgage-Backed Securities		"AAA"	62,307	62,668	4.75%	20%
Municipals	(4)	"A or higher"	34,413	32,262	2.62%	30%
Total Portfolio			<u>\$ 1,313,161</u>	<u>\$ 1,309,127</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) \$11.710 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
February 28, 2017

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 354,751	\$ 104,078	\$ 63,918	\$ 57,319	\$ 337,592
Gov't National Mtge Assoc.	4	-	-	-	4
Federal Agencies	88,549	78,798	44	40,125	127,178
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	209,400	689,518	-	630,565	268,353
Negotiable Certificates of Deposit	324,878	108,585	-	139,100	294,363
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	690	2,448	2,541	-	597
California Local Agency Investment Fund	65,000	2,238	2,238	-	65,000
Medium Term Notes	120,524	32,363	22,108	9,669	121,110
Asset & Mortgage-Backed Securities	57,851	5,722	905	-	62,668
Municipals	32,279	-	17	-	32,262
Subtotals	\$ 1,253,926	\$ 1,023,750	\$ 91,771	\$ 876,778	\$ 1,309,127
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 8	165			173
Petty Cash & Payroll	15				15
Overnight Investment	(1) (1,999)			2,000	(3,999)
Subtotals	\$ (1,976)	\$ 165	\$ -	\$ 2,000	\$ (3,811)
Total	\$ 1,251,950	\$ 1,023,915	\$ 91,771	\$ 878,778	\$ 1,305,316

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
February 28, 2017

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 22,674	0.183
US Treasury Notes	258,048	2.126
US Treasury Strips	7,967	4.666
Federal Agency Coupons	65,833	0.682
Federal Agency Strips	440	1.159
Federal Agency Discount Notes	46,647	0.105
Shares of Beneficial Interest	542	0.000
California Local Agency Investment Fund	59,008	0.000
Commercial Paper	243,051	0.200
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	267,317	0.218
Medium Term Notes	108,066	1.103
Municipal Bonds	3,252	0.387
Municipal Discount Bonds	-	-
Gov't National Mtge Assoc.	4	4.609
Asset Backed	-	-
Mortgage Backed	56,563	2.338
Total	<u>\$ 1,139,412</u>	
Weighted Average Duration		0.878

- (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.