



- 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 2018 |
| Attachment 2: | Portfolio Summary Report – February 2018 |
| Attachment 3: | Summary Report of Investment & Cash Activity – February 2018 |
| Attachment 4: | Duration Report – February 2018 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: March 12, 2018
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report February 2018

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 Board 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 13, 2017. 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, 2018

		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)	\$ 637,159	0.17	0.23	0.11%	0.10%	0.77%	0.76%	1.85%	1.30%
Long-Term	(2)	344,197	2.74	2.65	(0.27%)	(0.18%)	(0.46%)	(0.65%)	3.32%	2.88%
Total Core Funds		\$ 981,356								
Other Funds	(3)	40,003	3.90		(0.14%)		(0.45%)		6.98%	
Total		<u>\$ 1,021,359</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, 2018

(\$ 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"	\$ 244,079	\$ 245,988	23.90%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	3	0.00%	100%
Federal Agencies	(2)	"AAA"	41,059	41,635	4.02%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	195,904	195,914	19.18%	25%
Negotiable Certificates of Deposit		"F1 or higher"	235,021	235,030	23.01%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	357	357	0.03%	20%
California Local Agency Investment Fund	(4)		42,547	42,547	4.17%	N/A
Medium Term Notes		"A or higher"	177,541	179,050	17.38%	30%
Asset & Mortgage-Backed Securities		"AAA"	64,499	65,511	6.32%	20%
Municipals	(5)	"A or higher"	20,349	18,930	1.99%	30%
Total Portfolio			<u>\$ 1,021,359</u>	<u>\$ 1,024,965</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) \$65 million maximum allowed by California Local Agency Investment Fund.
- (5) \$4.022 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
February 28, 2018

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 264,522	\$ 19,806	\$ 13,340	\$ 25,000	\$ 245,988
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	51,680	3,003	10,048	3,000	41,635
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	175,606	431,148	-	410,840	195,914
Negotiable Certificates of Deposit	140,709	154,821	-	60,500	235,030
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	879	2,413	2,935	-	357
California Local Agency Investment Fund	55,467	-	12,920	-	42,547
Medium Term Notes	157,943	92,423	22,056	49,260	179,050
Asset & Mortgage-Backed Securities	61,977	4,683	1,149	-	65,511
Municipals	20,347	2,654	4,071	-	18,930
Subtotals	\$ 929,133	\$ 710,951	\$ 66,519	\$ 548,600	\$ 1,024,965
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 401			385	16
Petty Cash & Payroll	15				15
Overnight Investment	(1) (4,700)	1,301			(3,399)
Subtotals	\$ (4,284)	\$ 1,301	\$ -	\$ 385	\$ (3,368)
Total	\$ 924,849	\$ 712,252	\$ 66,519	\$ 548,985	\$ 1,021,597

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
February 28, 2018

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 9,364	0.115
US Treasury Notes	191,175	2.622
US Treasury Strips	12,557	3.665
Federal Agency Coupons	35,762	1.137
Federal Agency Strips	2,524	6.203
Federal Agency Discount Notes	-	-
Shares of Beneficial Interest	333	0.000
California Local Agency Investment Fund	39,914	0.000
Commercial Paper	183,265	0.057
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	220,213	0.117
Medium Term Notes	164,337	1.207
Municipal Bonds	-	-
Municipal Discount Bonds	666	6.343
Gov't National Mtge Assoc.	3	3.993
Asset Backed	-	-
Mortgage Backed	60,507	2.343
Total	\$ 920,620	
Weighted Average Duration		1.070

- (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.