



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



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: June 11, 2018
To: Finance and Insurance Committee
From: Gary Breaux, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report May 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", is written over a faint, larger version of the same signature.

Gary Breaux

GB:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
May 31, 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)	\$ 663,559	0.15	0.22	0.19%	0.15%	1.26%	1.19%	1.85%	1.30%
Long-Term	(2)	345,869	2.69	2.65	0.49%	0.47%	0.13%	(0.20%)	3.31%	2.87%
Total Core Funds		\$ 1,009,428								
Other Funds	(3)	40,047	3.66		0.58%		0.02%		6.86%	
Total		<u>\$ 1,049,475</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
May 31, 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"	\$ 253,832	\$ 255,047	24.19%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	3	0.00%	100%
Federal Agencies	(2)	"AAA"	60,762	61,389	5.79%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	223,240	223,220	21.27%	25%
Negotiable Certificates of Deposit		"F1 or higher"	252,165	252,129	24.03%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	621	621	0.06%	20%
California Local Agency Investment Fund	(4)		65,000	65,000	6.19%	N/A
Medium Term Notes		"A or higher"	112,072	113,620	10.68%	30%
Asset & Mortgage-Backed Securities		"AAA"	61,483	62,384	5.86%	20%
Municipals	(5)	"A or higher"	20,297	18,923	1.93%	30%
Total Portfolio			<u>\$ 1,049,475</u>	<u>\$ 1,052,336</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) \$4.0 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
May 31, 2018

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 244,954	\$ 61,694	\$ 31,618	\$ 19,983	\$ 255,047
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	41,640	22,815	-	3,066	61,389
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	219,239	346,394	-	342,413	223,220
Negotiable Certificates of Deposit	286,135	127,964	-	161,970	252,129
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	556	1,977	1,912	-	621
California Local Agency Investment Fund	49,907	16,236	1,143	-	65,000
Medium Term Notes	136,764	47,469	6,811	63,802	113,620
Asset & Mortgage-Backed Securities	63,470	322	1,408	-	62,384
Municipals	18,929	3,630	451	3,185	18,923
Subtotals	\$ 1,061,597	\$ 628,501	\$ 43,343	\$ 594,419	\$ 1,052,336
	Beginning			Ending	
Cash	Balance	Deposits		Withdrawals	Balance
Demand Accounts	\$ 1	47			48
Petty Cash & Payroll	15				15
Overnight Investment	(1)	(5,000)	1,300		(3,700)
Subtotals	\$ (4,984)	\$ 1,347	\$ -	\$ -	\$ (3,637)
Total	\$ 1,056,613	\$ 629,848	\$ 43,343	\$ 594,419	\$ 1,048,699

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
May 31, 2018

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 14,022	0.245
US Treasury Notes	195,795	2.629
US Treasury Strips	12,630	3.415
Federal Agency Coupons	35,972	1.266
Federal Agency Strips	2,088	7.306
Federal Agency Discount Notes	18,781	0.012
Shares of Beneficial Interest	583	0.000
California Local Agency Investment Fund	61,053	0.000
Commercial Paper	209,159	0.069
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	235,848	0.076
Medium Term Notes	103,774	1.765
Municipal Bonds	-	-
Municipal Discount Bonds	674	6.097
Gov't National Mtge Assoc.	3	3.841
Asset Backed	-	-
Mortgage Backed	57,750	2.215
Total	\$ 948,132	
Weighted Average Duration		1.023

- (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.