



- 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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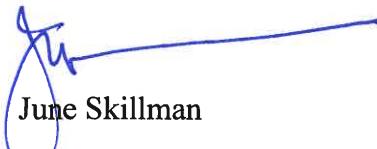
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|---------------|--|
| Attachment 1: | Portfolio Performance Report – June 2018                 |
| Attachment 2: | Portfolio Summary Report – June 2018                     |
| Attachment 3: | Summary Report of Investment & Cash Activity – June 2018 |
| Attachment 4: | Duration Report – June 2018                              |



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** July 9, 2018  
**To:** Finance and Insurance Committee  
**From:** June Skillman, Interim Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report June 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, 2018. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

  
June Skillman  
GB:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Portfolio Performance Report**  
**June 30, 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)	\$ 653,655	0.15	0.24	0.16%	0.17%	1.42%	1.36%	1.86%	1.31%
Long-Term	(2)	345,365	2.64	2.63	0.01%	(0.02%)	0.14%	(0.22%)	3.29%	2.85%
Total Core Funds		\$ 999,020								
Other Funds	(3)	30,071	4.32		0.09%		0.10%		7.24%	
Total		<u>\$ 1,029,091</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, 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"	\$ 253,645	\$ 255,220	24.65%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	3	0.00%	100%
Federal Agencies	(2)	"AAA"	82,090	82,776	7.98%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	173,600	173,616	16.87%	25%
Negotiable Certificates of Deposit		"F1 or higher"	281,978	281,958	27.40%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	355	355	0.03%	20%
California Local Agency Investment Fund	(4)		63,073	63,073	6.13%	N/A
Medium Term Notes		"A or higher"	102,553	104,265	9.97%	30%
Asset & Mortgage-Backed Securities		"AAA"	61,470	62,455	5.97%	20%
Municipals	(5)	"A or higher"	10,324	9,013	1.00%	30%
Total Portfolio			<u>\$ 1,029,091</u>	<u>\$ 1,032,734</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) \$2.0 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3  
**Summary Report of Investment & Cash Activity**  
**June 30, 2018**

(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	\$ 255,047	\$ 1,865	\$ 1,692	\$ -	\$ 255,220
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	61,389	71,254	-	49,867	82,776
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	223,220	458,626	-	508,230	173,616
Negotiable Certificates of Deposit	252,129	177,971	-	148,142	281,958
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	621	2,702	2,968	-	355
California Local Agency Investment Fund	65,000	19,880	21,807	-	63,073
Medium Term Notes	113,620	49,609	1,779	57,185	104,265
Asset & Mortgage-Backed Securities	62,384	979	908	-	62,455
Municipals	18,923	13	9,923	-	9,013
<b>Subtotals</b>	<b>\$ 1,052,336</b>	<b>\$ 782,899</b>	<b>\$ 39,077</b>	<b>\$ 763,424</b>	<b>\$ 1,032,734</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 48	162,316			162,364
Petty Cash & Payroll	15				15
Overnight Investment	(1) (3,700)	3,700			-
<b>Subtotals</b>	<b>\$ (3,637)</b>	<b>\$ 166,016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 162,379</b>
<b>Total</b>	<b>\$ 1,048,699</b>	<b>\$ 948,915</b>	<b>\$ 39,077</b>	<b>\$ 763,424</b>	<b>\$ 1,195,113</b>

(1) Includes investment of outstanding checks.

Attachment 4  
**Duration Report**  
**June 30, 2018**

(\$ in Thousands)

<b>Securities Available for Metropolitan's Self-Liquidity Program</b>	<b>Market Value</b>	<b>Duration (1)</b>
US Treasury Bills	\$ 14,044	0.164
US Treasury Notes	195,571	2.562
US Treasury Strips	12,624	3.333
Federal Agency Coupons	35,916	1.183
Federal Agency Strips	2,081	7.222
Federal Agency Discount Notes	38,335	0.024
Shares of Beneficial Interest	333	0.000
California Local Agency Investment Fund	59,233	0.000
Commercial Paper	162,688	0.094
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	264,809	0.057
Medium Term Notes	94,150	1.911
Municipal Bonds	-	-
Municipal Discount Bonds	678	6.018
Gov't National Mtge Assoc.	3	3.793
Asset Backed	-	-
Mortgage Backed	57,727	2.188
<b>Total</b>	<b>\$ 938,192</b>	
<b>Weighted Average Duration</b>		<b>1.007</b>

- (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.