



- 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 2019 |
| Attachment 2: | Portfolio Summary Report – June 2019 |
| Attachment 3: | Summary Report of Investment & Cash Activity – June 2019 |
| Attachment 4: | Duration Report – June 2019 |



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: July 8, 2019
To: Finance and Insurance Committee
From: June Skillman, Interim Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report June 2019

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
JS:mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
June 30, 2019

	Market Value (\$ in Thousands)	Duration		Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	MWD	Benchmark
Liquidity	(1) \$ 995,079	0.36	0.23	0.25%	0.22%	2.63%	2.31%	1.90%	1.37%
Core	(2) 185,089	2.22	2.61	0.58%	0.71%	5.07%	5.13%	3.40%	2.98%
Liquidity and Core	\$ 1,180,168								
Other Funds	(3) 5,915	1.71		0.35%		3.84%		4.43%	
Total	<u>\$ 1,186,083</u>								

(1) The Liquidity Portfolio Benchmark is the ICE BofAML, 3-Month Treasury Bill Index.

(2) The Core Portfolio Benchmark is the ICE BofAML, 1 - 5 years US Corporate and Government Index, A Rated and Higher.

(3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2
Portfolio Summary Report
June 30, 2019

(\$ 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"	\$ 88,340	\$ 86,874	7.45%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	-	-	0.00%	100%
Federal Agencies	(2)	"AAA"	82,406	82,477	6.95%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	134,176	134,265	11.31%	25%
Negotiable Certificates of Deposit		"F1 or higher"	230,648	230,516	19.44%	30%
Time Certificates of Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest	(4)	"AAA"	241,988	241,988	20.40%	20%
California Local Agency Investment Fund	(5)		65,000	65,000	5.48%	N/A
Medium Term Notes		"A or higher"	277,392	276,427	23.39%	30%
Asset & Mortgage-Backed Securities		"AAA"	64,022	63,318	5.40%	20%
Municipals	(6)	"A or higher"	2,111	1,776	0.18%	30%
Total Portfolio			<u>\$ 1,186,083</u>	<u>\$ 1,182,641</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) The Shares of Beneficial Interest balance included \$50.4 million cash at custodian bank, the Bank of New York Mellon.
- (5) \$65 million maximum allowed by California Local Agency Investment Fund.
- (6) \$0.197 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 3
Summary Report of Investment & Cash Activity
June 30, 2019

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 216,382	\$ 27,706	\$ 139,235	\$ 17,979	\$ 86,874
Gov't National Mtge Assoc.	2	-	2	-	-
Federal Agencies	233,527	10,214	98,264	63,000	82,477
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	109,428	39,824	4,987	10,000	134,265
Negotiable Certificates of Deposit	214,618	29,998	14,100	-	230,516
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	35,967	306,314	100,293	-	241,988
California Local Agency Investment Fund	65,000	-	-	-	65,000
Medium Term Notes	228,461	64,390	3,233	13,191	276,427
Asset & Mortgage-Backed Securities	64,789	3,886	5,357	-	63,318
Municipals	1,770	6	-	-	1,776
Subtotals	\$ 1,169,944	\$ 482,338	\$ 365,471	\$ 104,170	\$ 1,182,641
	Beginning Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ (1,327)	1,327			-
Petty Cash & Payroll	15				15
Overnight Investment	(1) (1,900)	1,900			-
Subtotals	\$ (3,212)	\$ 3,227	\$ -	\$ -	\$ 15
Total	\$ 1,166,732	\$ 485,565	\$ 365,471	\$ 104,170	\$ 1,182,656

(1) Includes investment of outstanding checks.

Attachment 4
Duration Report
June 30, 2019

(\$ in Thousands)

Securities Available for Metropolitan's Self-Liquidity Program	Market Value	Duration (1)
US Treasury Bills	\$ 18,744	0.482
US Treasury Notes	48,165	2.081
US Treasury Strips	13,351	2.357
Federal Agency Coupons	49,473	0.823
Federal Agency Strips	-	-
Federal Agency Discount Notes	28,310	0.145
Shares of Beneficial Interest	228,391	0.000
California Local Agency Investment Fund	61,540	0.000
Commercial Paper	127,033	0.222
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	218,369	0.329
Medium Term Notes	262,625	1.169
Municipal Bonds	-	-
Municipal Discount Bonds	727	5.048
Gov't National Mtge Assoc.	-	-
Asset Backed	-	-
Mortgage Backed	60,613	2.196
Total	<u>\$ 1,117,341</u>	
Weighted Average Duration		0.653

- (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.