



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



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** May 7, 2018  
**To:** Finance and Insurance Committee  
**From:** Gary Breaux, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report April 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**  
**April 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)	\$ 672,707	0.17	0.23	0.14%	0.13%	1.06%	1.04%	1.85%	1.30%
Long-Term	(2)	344,297	2.69	2.63	(0.24%)	(0.28%)	(0.36%)	(0.67%)	3.30%	2.85%
Total Core Funds		\$ 1,017,004								
Other Funds	(3)	39,862	3.75		(0.37%)		(0.56%)		6.86%	
Total		<u>\$ 1,056,866</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 3  
**Summary Report of Investment & Cash Activity**  
**April 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	\$ 246,043	\$ 36,459	\$ 2,813	\$ 34,735	\$ 244,954
Gov't National Mtge Assoc.	3	-	-	-	3
Federal Agencies	86,621	15,753	-	60,734	41,640
Repurchase Agreements	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-
Commercial Paper	202,118	538,693	-	521,572	219,239
Negotiable Certificates of Deposit	238,567	169,568	-	122,000	286,135
Time Deposits	-	-	-	-	-
Shares of Beneficial Interest	669	4,449	4,562	-	556
California Local Agency Investment Fund	38,050	11,857	-	-	49,907
Medium Term Notes	134,541	59,796	2,380	55,193	136,764
Asset & Mortgage-Backed Securities	64,984	477	1,991	-	63,470
Municipals	18,930	-	1	-	18,929
<b>Subtotals</b>	<b>\$ 1,030,526</b>	<b>\$ 837,052</b>	<b>\$ 11,747</b>	<b>\$ 794,234</b>	<b>\$ 1,061,597</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 703			702	1
Petty Cash & Payroll	15				15
Overnight Investment	(1)	-		5,000	(5,000)
<b>Subtotals</b>	<b>\$ 718</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,702</b>	<b>\$ (4,984)</b>
<b>Total</b>	<b>\$ 1,031,244</b>	<b>\$ 837,052</b>	<b>\$ 11,747</b>	<b>\$ 799,936</b>	<b>\$ 1,056,613</b>

(1) Includes investment of outstanding checks.

Attachment 2  
**Portfolio Summary Report**  
**April 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"	\$ 242,509	\$ 244,954	22.95%	100%
Gov't National Mtge Assoc.	(1)	"AAA"	3	3	0.00%	100%
Federal Agencies	(2)	"AAA"	40,937	41,640	3.87%	100%
Repurchase Agreements	(3)	"AAA"	-	-	0.00%	50%
Bankers' Acceptances		"F1 or higher"	-	-	0.00%	40%
Commercial Paper		"A1/P1 or higher"	219,241	219,239	20.75%	25%
Negotiable Certificates of Deposit		"F1 or higher"	286,162	286,135	27.08%	30%
Time Deposits		"F1 or better"	-	-	0.00%	N/A
Shares of Beneficial Interest		"AAA"	556	556	0.05%	20%
California Local Agency Investment Fund	(4)		49,907	49,907	4.72%	N/A
Medium Term Notes		"A or higher"	134,959	136,764	12.77%	30%
Asset & Mortgage-Backed Securities		"AAA"	62,381	63,470	5.90%	20%
Municipals	(5)	"A or higher"	20,211	18,929	1.91%	30%
Total Portfolio			<u>\$ 1,056,866</u>	<u>\$ 1,061,597</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) \$3.985 million (market value) of the municipal bond portfolio was rated AAA.

Attachment 4  
**Duration Report**  
**April 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	\$ 4,693	0.043
US Treasury Notes	194,635	2.593
US Treasury Strips	12,560	3.498
Federal Agency Coupons	35,688	1.365
Federal Agency Strips	2,529	6.033
Federal Agency Discount Notes	-	-
Shares of Beneficial Interest	515	0.000
California Local Agency Investment Fund	46,874	0.000
Commercial Paper	205,273	0.093
Bankers' Acceptances	-	-
Negotiable Certificates of Deposit	268,206	0.085
Medium Term Notes	124,961	1.473
Municipal Bonds	-	-
Municipal Discount Bonds	664	6.174
Gov't National Mtge Assoc.	3	3.891
Asset Backed	-	-
Mortgage Backed	58,590	2.247
<b>Total</b>	<b>\$ 955,191</b>	
<b>Weighted Average Duration</b>		<b>1.020</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.