



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance and Asset Management Committee

- **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 5114

Attachments

Attachment 1:	Summary of Portfolio Performance Report – July 2024
Attachment 2:	Summary of Portfolio Duration Report – July 2024
Attachment 3:	Summary of Portfolio Holding Report – July 2024
Attachment 4:	Summary Report of Investment & Cash Activity – July 2024
Attachment 5:	Credit Quality Compliance Report – July 2024
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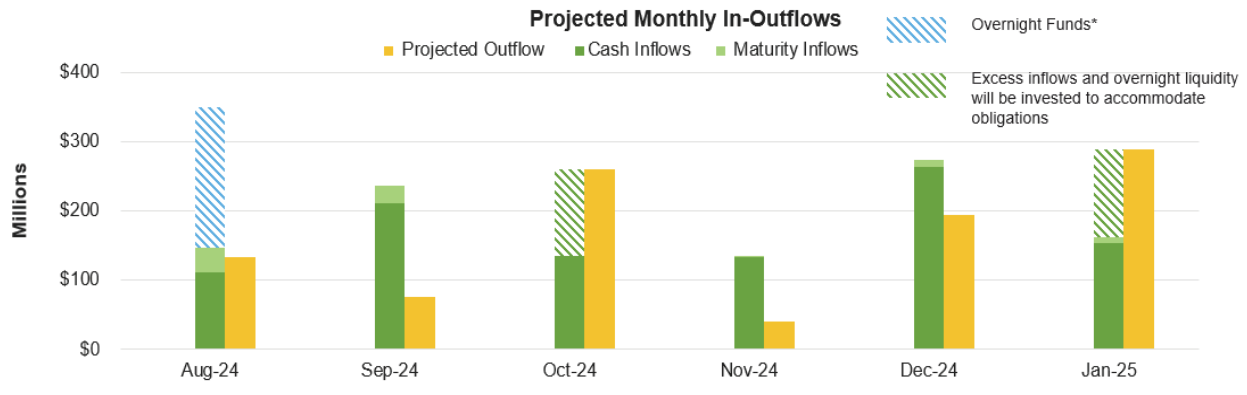


THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: August 20, 2024
To: Finance and Asset Management Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report July 2024

This letter transmits a summary report of investments, cash balances, and performance report with interest and total return, as well as duration comparisons for the end of the reported 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 11, 2024.

As of July 31, 2024, Metropolitan has a market value of approximately \$1.03 billion in funds in its investment portfolio. Metropolitan has sufficient liquidity to pay for the next six months of expenditures, as demonstrated in the chart below.



*Overnight funds, as of 7/31/24, include CAMP and MMF.
The LAIF balance (currently \$25 million) is included in the "Total Daily Portfolio Balance", but not included in the "Monthly In-Outflows" as it is not intended to be used a primary source of liquidity.
Portfolio maturities, water sales, and bond proceeds are included in the Portfolio Inflows.

Katano Kasaine
KK: mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Performance Report
July 31, 2024

	Market Value (\$ in Thousands)	Monthly Return		Fiscal YTD Return		Annualized Total Return	
		Interest Return	Total Return (1) Benchmark	Interest Return	Total Return (1) Benchmark	Inception-to-Date MWD	Benchmark
Liquidity	(2,3) \$ 372,906	0.37%	0.47% 0.45%	0.37%	0.47% 0.45%	2.00%	1.56%
Core	(4) <u>610,048</u>	0.26%	1.09% 1.29%	0.26%	1.09% 1.29%	3.03%	2.57%
Liquidity and Core	\$ 982,954						
Endowment	(5,6) 42,589	0.37%	1.02%	0.37%	1.02%	4.78%	
Total	<u>\$ 1,025,543</u>						

- (1) Total return includes: (a) interest income from fixed income investments (interest return) and (b) changes in the market price of securities (realized/unrealized gains and/or unrealized losses) over a given evaluation period.
- (2) The Liquidity Portfolio market value balance includes a PNC Bank 3 months collateralized time certificate of deposit of \$900,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of June 13, 2024.
- (3) The Liquidity Portfolio Benchmark is the ICE BofAML 3-Month Treasury Bill Index, which serves as a comparative performance metric to the Portfolio's Total Return. Inception date 5/01/2002.
- (4) The Core Portfolio Benchmark is comprised of 20% of the ICE BofAML 0 - 1 YEAR US Treasury Index and 80% of the ICE BofAML 1 - 5 Years AAA-A US Corporate & Government Index, which serves as a comparative performance metric to the Portfolio's Total Return. Inception date 7/01/2023.
- (5) The Endowment Portfolio includes the Lake Mathews Trust; the DVR Multi-Species Reserve Fund; the Habitat Maintenance Fund-Lower Colorado; the Water Utility Climate Alliance Membership; and the HCP Remedial Measures Fund, among others. The Endowment Portfolio inception date is 7/01/2023.
- (6) The total return for the Endowment portfolio reflects the consolidation of multiple funds into a new Endowment Portfolio. It includes (a) interest income and (b) the unrealized losses from the difference between the transferred book value of existing securities and their ending market value.

Attachment 2

**The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Duration Report
July 31, 2024**

	<u>Market Value</u> (\$ in Thousands)	<u>Minimum</u> <u>Duration</u>	<u>MWD</u> <u>Duration</u>	<u>Maximum</u> <u>Duration</u>	<u>Benchmark</u>
Liquidity	(1,2) \$ 372,906	0.00	0.16	0.72	0.22
Core	(3) <u>610,048</u>	0.65	1.91	3.65	2.15
Liquidity and Core	\$ 982,954				
Endowment	(4) 42,589			1.78	
Total	<u>\$ 1,025,543</u>				

(1) The Liquidity Portfolio market value balance includes a PNC Bank 3 months collateralized time certificate of deposit of \$900,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of June 13, 2024.

(2) The Liquidity Portfolio Benchmark is the ICE BofAML 3-Month Treasury Bill Index, which serves as a comparative performance metric to the Portfolio's Total Return.

(3) The Core Portfolio Benchmark is comprised of 20% of the ICE BofAML 0 - 1 YEAR US Treasury Index and 80% of the ICE BofAML 1 - 5 Years AAA-A US Corporate & Government Index, which serves as a comparative performance metric to the Portfolio's Total Return.

(4) The Endowment Portfolio includes the Lake Mathews Trust; the DVR Multi-Species Reserve Fund; the Habitat Maintenance Fund-Lower Colorado; the Water Utility Climate Alliance Membership; and the HCP Remedial Measures Fund, among others.

Attachment 3
Summary of Portfolio Holding Report
(sorted in descending order by Market Value)
July 31, 2024

(\$ in Thousands)

<u>Securities</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Cumulative % of Portfolio</u>
United States Treasuries	\$ 284,501	\$ 281,565	27.45%	27.45%
Medium Term Notes	220,400	219,116	21.37%	48.82%
California Asset Management Program	216,490	216,490	21.11%	69.93%
Commercial Paper	61,348	61,338	5.98%	75.91%
Federal Agencies	58,041	57,834	5.64%	81.55%
Mortgage-Backed Securities	53,369	53,772	5.24%	86.79%
Asset-Backed Securities	50,821	50,952	4.97%	91.76%
Negotiable Certificates of Deposit	46,106	46,116	4.50%	96.26%
California Local Agency Investment Fund	25,000	25,000	2.44%	98.70%
Supranationals	7,960	7,813	0.76%	99.46%
Money Market Funds	2,456	2,456	0.24%	99.70%
Municipals	2,310	2,191	0.21%	99.91%
Bank Deposits (Certificate of Deposit) (1)	900	900	0.09%	100.00%
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	<u>\$ 1,029,702</u>	<u>\$ 1,025,543</u>	<u>100.00%</u>	

(1) PNC Bank 3 months collateralized time certificate of deposit of \$900,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of June 13, 2024.

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
July 31, 2024

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 51,585	\$ 1	\$ 765	\$ -	\$ 50,821
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	500,367	179,227	463,104	-	216,490
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	44,912	26,415	9,979	-	61,348
Federal Agencies	97,989	119	-	40,067	58,041
Medium Term Notes	212,929	7,471	-	-	220,400
Money Market Funds	2,404	2,114	2,062	-	2,456
Mortgage-Backed Securities	53,372	-	3	-	53,369
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	34,602	11,504	-	-	46,106
Repurchase Agreements	-	-	-	-	-
Supranationals	7,965	-	5	-	7,960
Bank Deposits (Certificate of Deposit)	900	-	-	-	900
United States Treasuries	363,057	2,030	49,786	30,800	284,501
Subtotals	\$ 1,397,392	\$ 228,881	\$ 525,704	\$ 70,867	\$ 1,029,702
	Beginning Balance	Deposits	Withdrawals	Ending Balance	
Cash					
Demand Accounts	\$ 6	\$ 256	\$ -	\$ 262	
Petty Cash & Payroll	5			5	
Overnight Investment	-			-	
Subtotals	\$ 11	\$ 256	\$ -	\$ 267	
Total	\$ 1,397,403	\$ 229,137	\$ 525,704	\$ 70,867	\$ 1,029,969

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
July 31, 2024

(\$ in Thousands)

<u>Securities</u>		<u>Credit Quality</u>	<u>Market Value</u>	<u>Meets Policy Credit Requirement</u>
Asset-Backed Securities		"AA or higher"	\$ 50,952	yes
Bank Deposits (Certificate of Deposit)	(1)	Collateralized/FDIC Insured	900	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(2)	"AAAm or higher"	216,490	yes
California Local Agency Investment Fund		N/A	25,000	yes
Commercial Paper		"A1/P1 or higher"	61,338	yes
Federal Agencies	(3)	N/A	57,834	yes
Medium Term Notes	(4)	"A or higher"	219,116	yes
Money Market Funds		"AAAm"	2,456	yes
Mortgage-Backed Securities		"AAA"	53,772	yes
Municipals		"A or higher"	2,191	yes
Negotiable Certificates of Deposit		"A-1 or higher"	46,116	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	7,813	yes
United States Treasuries	(2,5)	N/A	281,565	yes
Total Portfolio			\$ 1,025,543	

- (1) PNC Bank 3 months collateralized time certificate of deposit of \$900,000, a financial assurance of The California State Mining and Geology Board (SMGB) and 1 Division of Mine Reclamation as of June 13, 2024.
- (2) The California Asset Management Program is a program created through a joint powers agency as a pooled short-term portfolio and cash management vehicle for California public agencies. CAMP is a permitted investment for all local agencies under California Government Code Section 53601(p).
- (3) Federal Agencies and United States Treasuries are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating
- (4) Please see attachment 5a for medium term notes that are rated less than A.
- (5) Securities have an explicit United States Government guarantee.

Attachment 5a
Credit Activity Exception Report
July 31, 2024
(\$ in Thousands)

Credit Ratings		Medium Term Notes	Maturity Date	Market Value	Book Value
Moody's	S&P				
Baa1 (1 notch downgrade effective 5/8/24)	A-	Truist Financial Corporate 1.125%	8/3/2027	\$ 447	\$ 442
Total				\$ 447	\$ 442

Attachment 6
Holding Limit Compliance Report
(sorted in descending order by Holding Limit)
July 31, 2024

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 57,834	5.64%	100%
Mortgage-Backed Securities	53,772	5.24%	100%
United States Treasuries	281,565	27.45%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	216,490	21.11%	40%
Commercial Paper	61,338	5.98%	40%
Bank Deposits (Certificate of Deposit) (1)	900	0.09%	30%
Medium Term Notes	219,116	21.37%	30%
Municipals	2,191	0.21%	30%
Negotiable Certificates of Deposit	46,116	4.50%	30%
Supranationals	7,813	0.76%	30%
Asset-Backed Securities	50,952	4.97%	20%
Money Market Funds	2,456	0.24%	20%
Repurchase Agreements (2)	-	-	20%
California Local Agency Investment Fund (3)	25,000	2.44%	N/A
Total Portfolio	<u>\$ 1,025,543</u>	<u>100.00%</u>	

(1) PNC Bank 3 months collateralized time certificate of deposit of \$900,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of June 13, 2024.

(2) Repurchase agreements can only be executed with primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.

(3) \$75 million maximum allowed by California Local Agency Investment Fund for Operating Accounts.

Attachment 7
Maturity Compliance Report
(sorted alphabetically by Security)
July 31, 2024

(weighted average maturity in years)

<u>Securities</u>	<u>Liquidity Portfolio</u>	<u>Core Portfolio</u>	<u>Endowment Portfolio</u>	<u>Maximum Maturity</u>	<u>Compliance (3)</u>
Asset-Backed Securities	2.612	3.669	4.161	5.00	yes
Bank Deposits (Certificate of Deposit)	0.112	-	-	5.00	n/a
Bankers' Acceptances	-	-	-	0.49	n/a
California Asset Management Program	0.003	-	0.003	N/A	yes
California Local Agency Investment Fund	0.003	-	-	N/A	yes
Commercial Paper	0.309	0.104	0.071	0.74	yes
Federal Agencies (1,2)	-	1.454	-	5.00	yes
Medium Term Notes	0.716	2.421	3.574	5.00	yes
Money Market Funds	0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities	-	2.934	4.227	5.00	yes
Municipals (2)	-	1.653	-	5.00	yes
Negotiable Certificates of Deposit	0.464	1.489	2.497	5.00	yes
Repurchase Agreements	-	-	-	0.74	n/a
Supranationals	-	0.454	2.451	5.00	yes
United States Treasuries (1,2)	-	2.214	3.702	5.00	yes
Weighted Average Maturity	0.205	2.317	2.066		

- (1) The Core Portfolio may be invested in Federal Agency and United States Treasury securities with maturities in excess of five years.
- (2) The Treasurer is authorized to invest the Endowment Portfolio in investments with a term to maximum maturity in excess of five years. The Endowment Portfolio includes, but is not limited to, the Lake Mathews Trust; the DVR Multi-Species Reserve Fund; the Habitat Maintenance Fund-Lower Colorado; the Water Utility Climate Alliance Membership; and the HCP Remedial Fund.
- (3) While the Maturity Compliance Report displays the weighted average maturity by security type, the response regarding compliance to the investment policy is at the individual security level.