



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Report

## Finance and Asset Management Committee

- **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 5114

### Attachments

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Attachment 1:	Summary of Portfolio Performance Report – June 2024
Attachment 2:	Summary of Portfolio Duration Report – June 2024
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Attachment 5:	Credit Quality Compliance Report – June 2024
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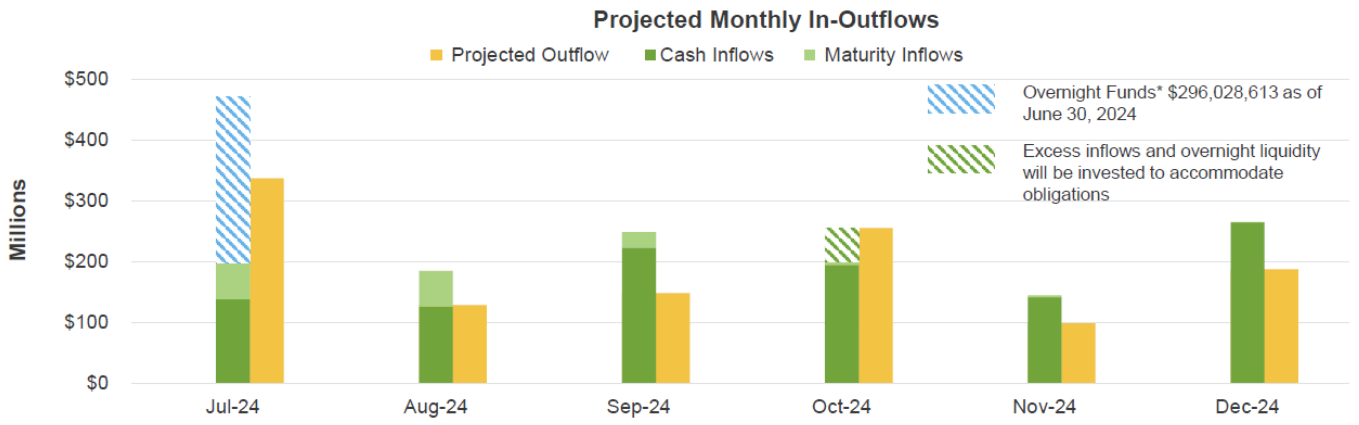


THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** July 9, 2024  
**To:** Finance and Asset Management Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report June 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 13, 2023.

As of June 30, 2024, Metropolitan has a market value of approximately \$1.39 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 6/30/24, include CAMP and MMF. These balances have been provided by the District as of 6/30/24. 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*

Katano Kasaine

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Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Summary of Portfolio Performance Report**  
**June 30, 2024**

		Market Value (\$ in Thousands)	Interest Return	Monthly Return		Fiscal YTD Return			Annualized Total Return Inception-to-Date	
				Total Return (1)	Benchmark	Interest Return	Total Return (1)	Benchmark	MWD	Benchmark
Liquidity	(2,3)	\$ 742,782	0.39%	0.44%	0.41%	4.43%	5.55%	5.40%	1.99%	1.54%
Core	(4)	<u>603,381</u>	0.26%	0.62%	0.62%	2.81%	4.85%	4.66%	2.99%	2.52%
Liquidity and Core		\$ 1,346,163								
Endowment	(5,6)	42,029	0.36%	0.70%		4.47%	4.28%		4.17%	
Total		<u>\$ 1,388,192</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**  
**June 30, 2024**

		Market Value (\$ in Thousands)	Minimum Duration	MWD Duration	Maximum Duration	Benchmark
Liquidity	(1,2)	\$ 742,782	0.00	0.06	0.73	0.23
Core	(3)	<u>603,381</u>	0.65	1.97	3.65	2.15
Liquidity and Core		\$ 1,346,163				
Endowment	(4)	42,029		1.82		
Total		<u><u>\$ 1,388,192</u></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 )**  
**June 30, 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>
California Asset Management Program	\$ 500,367	\$ 500,367	36.05%	36.05%
United States Treasuries	363,057	357,773	25.77%	61.82%
Medium Term Notes	212,929	210,087	15.13%	76.95%
Federal Agencies	97,989	97,575	7.03%	83.98%
Mortgage-Backed Securities	53,372	53,251	3.84%	87.82%
Asset-Backed Securities	51,585	51,453	3.71%	91.53%
Commercial Paper	44,912	44,881	3.23%	94.76%
Negotiable Certificates of Deposit	34,602	34,553	2.49%	97.25%
California Local Agency Investment Fund	25,000	25,000	1.80%	99.05%
Supranationals	7,965	7,777	0.56%	99.61%
Money Market Funds	2,404	2,404	0.17%	99.78%
Municipals	2,310	2,171	0.16%	99.94%
Bank Deposits (Certificate of Deposit) (1)	900	900	0.06%	100.00%
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
<b>Total Portfolio</b>	<b><u>\$ 1,397,392</u></b>	<b><u>\$ 1,388,192</u></b>	<b><u>100.00%</u></b>	

(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)  
**June 30, 2024**

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	<b>Beginning Balance</b>	<b>Purchases &amp; Amortization</b>	<b>Sales</b>	<b>Maturities</b>	<b>Ending Balance</b>
Asset-Backed Securities	\$ 52,782	\$ -	\$ 1,197	\$ -	\$ 51,585
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	287,660	341,344	128,637	-	500,367
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	24,967	19,945	-	-	44,912
Federal Agencies	62,961	40,028	-	5,000	97,989
Medium Term Notes	202,739	11,971	1,781	-	212,929
Money Market Funds	17,265	12,850	27,711	-	2,404
Mortgage-Backed Securities	44,671	8,826	125	-	53,372
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	39,603	-	1	5,000	34,602
Repurchase Agreements	-	-	-	-	-
Supranationals	7,970	-	5	-	7,965
Bank Deposits (Certificate of Deposit)	-	900	-	-	900
United States Treasuries	273,578	94,479	-	5,000	363,057
<b>Subtotals</b>	<b>\$ 1,041,506</b>	<b>\$ 530,343</b>	<b>\$ 159,457</b>	<b>\$ 15,000</b>	<b>\$ 1,397,392</b>
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<b>Cash</b>					
Demand Accounts	\$ 25	\$ -		\$ 19	\$ 6
Petty Cash & Payroll	5				5
Overnight Investment	-				-
<b>Subtotals</b>	<b>\$ 30</b>	<b>\$ -</b>		<b>\$ 19</b>	<b>\$ 11</b>
<b>Total</b>	<b>\$ 1,041,536</b>	<b>\$ 530,343</b>	<b>\$ 159,457</b>	<b>\$ 15,019</b>	<b>\$ 1,397,403</b>

Attachment 5  
**Credit Quality Compliance Report**  
(sorted alphabetically by Security)  
**June 30, 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"	\$ 51,453	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"	500,367	yes
California Local Agency Investment Fund		N/A	25,000	yes
Commercial Paper		"A1/P1 or higher"	44,881	yes
Federal Agencies	(3)	N/A	97,575	yes
Medium Term Notes	(4)	"A or higher"	210,087	yes
Money Market Funds		"AAAm"	2,404	yes
Mortgage-Backed Securities		"AAA"	53,251	yes
Municipals		"A or higher"	2,171	yes
Negotiable Certificates of Deposit		"A-1 or higher"	34,553	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	7,777	yes
United States Treasuries	(2,5)	N/A	357,773	yes
Total Portfolio			<u>\$ 1,388,192</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 T 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**  
**June 30, 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	\$ 441	\$ 440
Total				\$ 441	\$ 440



Attachment 6  
**Holding Limit Compliance Report**  
(sorted in descending order by Holding Limit)  
**June 30, 2024**

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 97,575	7.03%	100%
Mortgage-Backed Securities	53,251	3.84%	100%
United States Treasuries	357,773	25.77%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	500,367	36.05%	40%
Commercial Paper	44,881	3.23%	40%
Bank Deposits (Certificate of Deposit) (1)	900	0.06%	30%
Medium Term Notes	210,087	15.13%	30%
Municipals	2,171	0.16%	30%
Negotiable Certificates of Deposit	34,553	2.49%	30%
Supranationals	7,777	0.56%	30%
Asset-Backed Securities	51,453	3.71%	20%
Money Market Funds	2,404	0.17%	20%
Repurchase Agreements (2)	-	-	20%
California Local Agency Investment Fund (3)	25,000	1.80%	N/A
Total Portfolio	<u>\$ 1,388,192</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)  
**June 30, 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	2.555	3.743	4.246	5.00	yes
Bank Deposits (Certificate of Deposit)	0.197	-	-	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	0.193	0.189	0.156	0.74	yes
Federal Agencies (1,2)	0.048	1.538	-	5.00	yes
Medium Term Notes	0.705	2.503	3.658	5.00	yes
Money Market Funds	0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities	-	3.019	4.311	5.00	yes
Municipals (2)	-	1.738	-	5.00	yes
Negotiable Certificates of Deposit	0.380	1.574	2.582	5.00	yes
Repurchase Agreements	-	-	-	0.74	n/a
Supranationals	-	0.538	2.536	5.00	yes
United States Treasuries (1,2)	0.060	2.279	3.787	5.00	yes
Weighted Average Maturity	0.085	2.393	2.128		

- (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.