



- 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:	Summary of Portfolio Performance Report – May 2021
Attachment 2:	Summary of Portfolio Duration Report – May 2021
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THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

**Date:** June 7, 2021  
**To:** Finance and Insurance Committee  
**From:** Katano Kasaine, Assistant General Manager/Chief Financial Officer  
**Subject:** Treasurer's Monthly Report May 2021

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 9, 2020. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in cursive script that reads "Katano Kasaine".

Katano Kasaine

KK:mt

Attachments

Attachment 1  
**The Metropolitan Water District of Southern California (MWD)**  
**Summary of Portfolio Performance Report**  
**May 31, 2021**

		Market Value (\$ in Thousands)	Monthly Return		Fiscal YTD Return		Annualized Return *Inception-to-Date	
			<u>MWD</u>	<u>Benchmark</u>	<u>MWD</u>	<u>Benchmark</u>	<u>MWD</u>	<u>Benchmark</u>
Liquidity	(1)	\$ 1,177,745	0.03%	0.00%	0.40%	0.10%	1.84%	1.32%
Core	(2)	<u>196,409</u>	0.23%	0.20%	0.67%	0.27%	3.45%	2.97%
Liquidity and Core		\$ 1,374,154						
Other Funds	(3)	5,452	(0.02%)		0.37%		4.36%	
Total		<u><u>\$ 1,379,606</u></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  
**The Metropolitan Water District of Southern California (MWD)**  
**Summary of Portfolio Duration Report**  
**May 31, 2021**

		Market Value (\$ in Thousands)	Minimum Duration	MWD Duration	Maximum Duration	Benchmark
Liquidity	(1)	\$ 1,177,745	0.00	0.43	0.74	0.24
Core	(2)	<u>196,409</u>	1.21	2.55	4.21	2.71
Liquidity and Core		\$ 1,374,154				
Other Funds	(3)	5,452		1.50		
Total		<u><u>\$ 1,379,606</u></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 3  
**Summary of Portfolio Holding Report**  
(sorted in descending order by Market Value )  
**May 31, 2021**

(\$ 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>
Negotiable Certificates of Deposit	\$ 293,005	\$ 293,153	21.25%	21.25%
California Asset Management Program	261,475	261,475	18.95%	40.20%
Commercial Paper	225,134	225,149	16.32%	56.52%
Medium Term Notes	215,316	216,339	15.68%	72.20%
United States Treasuries	112,850	114,312	8.29%	80.49%
California Local Agency Investment Fund	75,000	75,000	5.44%	85.93%
Supranationals	72,081	72,053	5.22%	91.15%
Asset-Backed Securities	43,056	43,094	3.12%	94.27%
Federal Agencies	34,696	34,738	2.52%	96.79%
Mortgage-Backed Securities	34,598	35,066	2.54%	99.33%
Municipals	7,034	7,322	0.53%	99.86%
Money Market Funds	1,905	1,905	0.14%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
<b>Total Portfolio</b>	<b><u><u>\$ 1,376,150</u></u></b>	<b><u><u>\$ 1,379,606</u></u></b>	<b><u><u>100.00%</u></u></b>	

Attachment 4  
**Summary Report of Investment & Cash Activity**  
(sorted alphabetically by security)  
**May 31, 2021**

(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	\$ 44,646	\$ 3,833	\$ 5,423	\$ -	\$ 43,056
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	218,126	171,836	128,487	-	261,475
California Local Agency Investment Fund	75,000	-	-	-	75,000
Commercial Paper	225,143	54,991	10,000	45,000	225,134
Federal Agencies	34,697	-	1	-	34,696
Medium Term Notes	213,908	31,266	2,960	26,898	215,316
Money Market Funds	1,409	519	23	-	1,905
Mortgage-Backed Securities	34,936	2	340	-	34,598
Municipals	7,028	6	-	-	7,034
Negotiable Certificates of Deposit	291,013	56,993	40,001	15,000	293,005
Repurchase Agreements	-	-	-	-	-
Supranationals	72,165	-	84	-	72,081
Time Deposits	-	-	-	-	-
United States Treasuries	119,832	3,018	-	10,000	112,850
<b>Subtotals</b>	<b>\$ 1,337,903</b>	<b>\$ 322,464</b>	<b>\$ 187,319</b>	<b>\$ 96,898</b>	<b>\$ 1,376,150</b>
	Beginning Balance	Deposits	Withdrawals	Ending Balance	
<b>Cash</b>					
Demand Accounts	\$ (12)	13		1	
Petty Cash & Payroll	5			5	
Overnight Investment	-			-	
<b>Subtotals</b>	<b>\$ (7)</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6</b>
<b>Total</b>	<b>\$ 1,337,896</b>	<b>\$ 322,477</b>	<b>\$ 187,319</b>	<b>\$ 96,898</b>	<b>\$ 1,376,156</b>

Attachment 5  
**Credit Quality Compliance Report**  
(sorted alphabetically by Security)  
**May 31, 2021**

(\$ 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"	\$ 43,094	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAA <sub>m</sub> or higher"	261,475	yes
California Local Agency Investment Fund		N/A	75,000	yes
Commercial Paper		"A1/P1 or higher"	225,149	yes
Federal Agencies	(2)	N/A	34,738	yes
Medium Term Notes	(3)	"A or higher"	216,339	exception
Money Market Funds		"AAA"	1,905	yes
Mortgage-Backed Securities		"AAA"	35,066	yes
Municipals	(4)	"A or higher"	7,322	yes
Negotiable Certificates of Deposit		"A-1 or higher"	293,153	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	72,053	yes
United States Treasuries	(2,5)	N/A	114,312	yes
Total Portfolio			\$ 1,379,606	

- (1) 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).
- (2) Federal Agencies and United States Treasuries are rated 'AAA' by two nationally recognized rating agencies and 'AA+' by one nationally recognized rating agency.
- (3) In March 2020, Delta Airlines security (\$1.116 million market value or 0.08% of total portfolio) was downgraded by S&P from A- to BB+. In alignment with primary investment objective #1 of MWD Investment Policy, management elected to hold this security to final maturity as a credit exception in order to avoid realizing any estimated market loss. In May 2021, Delta Airlines issued full call notice payable June 9, 2021.
- (4) \$0.184 million (market value) of the municipal bond portfolio was rated AAA by two nationally recognized rating agencies.
- (5) Securities have an explicit United States Government guarantee.

Attachment 6  
**Holding Limit Compliance Report**  
(sorted in descending order by Holding Limit)  
**May 31, 2021**

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 34,738	2.52%	100%
Mortgage-Backed Securities	35,066	2.54%	100%
United States Treasuries	114,312	8.29%	100%
Bankers' Acceptances	-	0.00%	40%
Bank Deposits	-	0.00%	30%
California Asset Management Program	261,475	18.95%	30%
Medium Term Notes	216,339	15.68%	30%
Municipals	7,322	0.53%	30%
Negotiable Certificates of Deposit	293,153	21.25%	30%
Supranationals	72,053	5.22%	30%
Commercial Paper	225,149	16.32%	25%
Asset-Backed Securities	43,094	3.12%	20%
Money Market Funds	1,905	0.14%	20%
Repurchase Agreements	(1) -	0.00%	20%
California Local Agency Investment Fund	(2) 75,000	5.44%	N/A
Total Portfolio	<u>\$ 1,379,606</u>	<u>100.00%</u>	

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

(2) \$75 million maximum allowed by California Local Agency Investment Fund for Operating Accounts.



Attachment 7  
**Maturity Compliance Report**  
(sorted alphabetically by Security)  
**May 31, 2021**

(weighted average maturity in years)

<u>Securities</u>		<u>Liquidity Portfolio</u>	<u>Core Portfolio</u>	<u>Other Funds</u>	<u>Maximum Maturity</u>	<u>Compliance (3)</u>
Asset-Backed Securities		2.131	3.901	-	5.00	yes
Bankers' Acceptances		-	-	-	0.49	n/a
California Asset Management Program		0.003	-	-	N/A	yes
California Local Agency Investment Fund		0.003	-	-	N/A	yes
Commercial Paper		0.209	-	-	0.74	yes
Federal Agencies	(1,2)	1.847	-	1.370	5.00	yes
Medium Term Notes		0.825	3.126	-	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	1.858	-	5.00	yes
Municipals	(2)	0.505	-	2.768	5.00	yes
Negotiable Certificates of Deposit		0.546	-	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		1.008	2.868	-	5.00	yes
United States Treasuries	(1,2)	0.458	2.836	0.458	5.00	yes
<b>Weighted Average Maturity</b>		<b>0.479</b>	<b>2.729</b>	<b>1.490</b>		

(1) The core portfolio may be invested in Federal Agency and United States Treasury securities with maturities in excess five years.

(2) The Treasurer is authorized to invest special trust funds in investment with a term to maximum maturity in excess of five years. These funds included, but are not limited to, the Water Revenue Bond Reserve Funds, Debt Service Funds, the Iron Mountain Landfill Closure/Post-Closure Maintenance Trust Fund, and the Lake Mathews Multi-Species Reserve Trust 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.