



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 – May 2024
Attachment 2:	Summary of Portfolio Duration Report – May 2024
Attachment 3:	Summary of Portfolio Holding Report – May 2024
Attachment 4:	Summary Report of Investment & Cash Activity – May 2024
Attachment 5:	Credit Quality Compliance Report – May 2024
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Attachment 7:	Maturity Compliance Report – May 2024



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: June 11, 2024
To: Finance and Asset Management Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report May 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. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

A handwritten signature in blue ink 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, 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)	\$ 388,071	0.41%	0.46%	0.48%	4.04%	5.09%	4.97%	1.98%	1.53%
Core	(3)	<u>600,515</u>	0.25%	0.75%	0.82%	2.56%	4.20%	4.01%	2.97%	2.50%
Liquidity and Core		\$ 988,586								
Endowment	(4,5)	41,780	0.37%	0.77%		4.11%	3.56%		3.78%	
Total		<u><u>\$ 1,030,366</u></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 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.

(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. Inception date 7/01/2023.

(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. The Endowment Portfolio inception date is 7/01/2023.

(5) 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
May 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)	\$ 388,071	0.00	0.11	0.74	0.24
Core	(2)	<u>600,515</u>	0.66	1.87	3.66	2.16
Liquidity and Core		\$ 988,586				
Endowment	(3)	41,780		1.86		
Total		<u><u>\$ 1,030,366</u></u>				

(1) 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.

(2) 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.

(3) 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)
May 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>
California Asset Management Program	\$ 287,660	\$ 287,660	27.92%	27.92%
United States Treasuries	273,578	267,195	25.93%	53.85%
Medium Term Notes	202,739	199,448	19.36%	73.21%
Federal Agencies	62,961	62,508	6.07%	79.28%
Asset-Backed Securities	52,782	52,536	5.10%	84.38%
Mortgage-Backed Securities	44,671	44,368	4.31%	88.69%
Negotiable Certificates of Deposit	39,603	39,521	3.83%	92.52%
California Local Agency Investment Fund	25,000	25,000	2.43%	94.95%
Commercial Paper	24,967	24,950	2.42%	97.37%
Money Market Funds	17,265	17,265	1.67%	99.04%
Supranationals	7,970	7,752	0.75%	99.79%
Municipals	2,310	2,163	0.21%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,041,506	\$ 1,030,366	100.00%	

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

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 54,519	\$ 1	\$ 1,738	\$ -	\$ 52,782
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	326,666	373,791	412,797	-	287,660
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	24,877	90	-	-	24,967
Federal Agencies	62,921	40	-	-	62,961
Medium Term Notes	211,374	861	2,496	7,000	202,739
Money Market Funds	2,050	16,959	1,744	-	17,265
Mortgage-Backed Securities	45,511	-	840	-	44,671
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	39,605	-	2	-	39,603
Repurchase Agreements	-	-	-	-	-
Supranationals	7,975	-	5	-	7,970
Time Deposits	-	-	-	-	-
United States Treasuries	286,666	31,220	29,878	14,430	273,578
Subtotals	\$ 1,089,474	\$ 422,962	\$ 449,500	\$ 21,430	\$ 1,041,506
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ 2,061	\$ -		\$ 2,036	\$ 25
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 2,066	\$ -		\$ 2,036	\$ 30
Total	\$ 1,091,540	\$ 422,962	\$ 449,500	\$ 23,466	\$ 1,041,536

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
May 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"	\$ 52,536	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	287,660	yes
California Local Agency Investment Fund		N/A	25,000	yes
Commercial Paper		"A1/P1 or higher"	24,950	yes
Federal Agencies	(2)	N/A	62,508	yes
Medium Term Notes	(3)	"A or higher"	199,448	yes
Money Market Funds		"AAAm"	17,265	yes
Mortgage-Backed Securities		"AAA"	44,368	yes
Municipals		"A or higher"	2,163	yes
Negotiable Certificates of Deposit		"A-1 or higher"	39,521	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	7,752	yes
United States Treasuries	(2,4)	N/A	267,195	yes
Total Portfolio			\$ 1,030,366	

- (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) Please see attachment 5a for medium term notes that are rated less than A.
- (4) Securities have an explicit United States Government guarantee.

Attachment 5a
Credit Activity Exception Report
May 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	\$ 439	\$ 438
Total				\$ 439	\$ 438

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

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 62,508	6.07%	100%
Mortgage-Backed Securities	44,368	4.31%	100%
United States Treasuries	267,195	25.93%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	287,660	27.92%	40%
Commercial Paper	24,950	2.42%	40%
Bank Deposits	-	-	30%
Medium Term Notes	199,448	19.36%	30%
Municipals	2,163	0.21%	30%
Negotiable Certificates of Deposit	39,521	3.83%	30%
Supranationals	7,752	0.75%	30%
Asset-Backed Securities	52,536	5.10%	20%
Money Market Funds	17,265	1.67%	20%
Repurchase Agreements	(1) -	-	20%
California Local Agency Investment Fund	(2) 25,000	2.43%	N/A
Total Portfolio	<u>\$ 1,030,366</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, 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		2.391	3.817	4.328	5.00	yes
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		0.341	0.270	0.238	0.74	yes
Federal Agencies	(1,2)	0.167	1.470	-	5.00	yes
Medium Term Notes		0.929	2.503	3.740	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	2.869	4.391	5.00	yes
Municipals	(2)	-	1.820	-	5.00	yes
Negotiable Certificates of Deposit		0.385	1.656	2.664	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		-	0.620	2.617	5.00	yes
United States Treasuries	(1,2)	0.164	2.212	3.869	5.00	yes
Weighted Average Maturity		0.156	2.284	2.183		

- (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.