



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 a summary of Metropolitan's investment portfolios and demonstrates compliance with Metropolitan's Statement of Investment Policy.

Purpose

Administrative Code Requirement 5114

Attachments

Attachment 1:	Summary of Portfolio Performance Report – January 2025
Attachment 2:	Summary of Portfolio Duration Report – January 2025
Attachment 3:	Summary of Portfolio Holding Report – January 2025
Attachment 4:	Summary Report of Investment & Cash Activity – January 2025
Attachment 5:	Credit Quality Compliance Report – January 2025
Attachment 5a:	Credit Activity Exception Report – January 2025
Attachment 6:	Holding Limit Compliance Report – January 2025
Attachment 7:	Maturity Compliance Report – January 2025

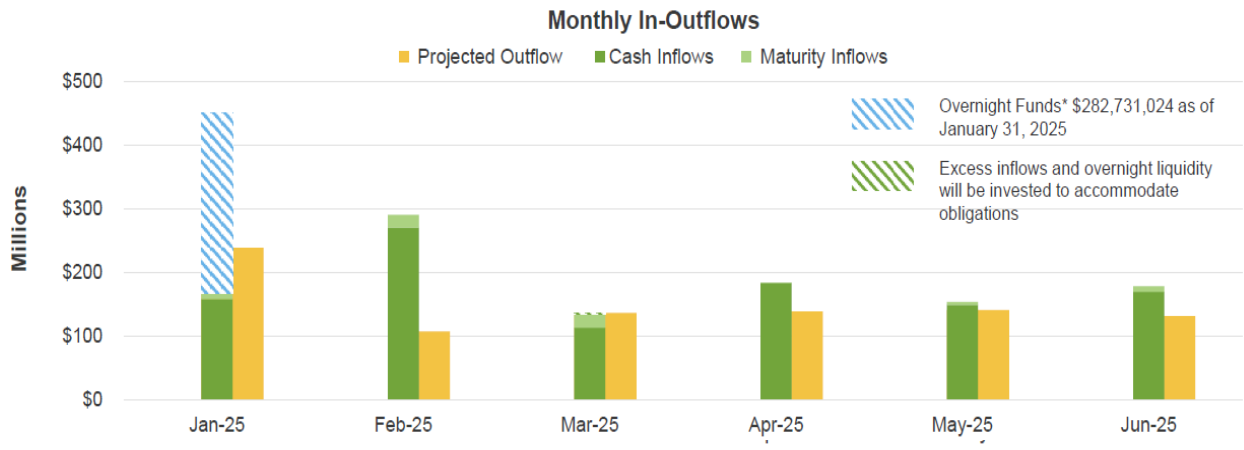


THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: February 11, 2025
To: Finance and Asset Management Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report January 2025

This letter transmits a summary report of the District's investment portfolios, cash balances, investment performance (including 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 January 31, 2025, Metropolitan has a market value of approximately \$1.2 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 1/31/25, 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 as a primary source of liquidity.
Portfolio maturities, water sales, and bond proceeds are included in the Portfolio Inflows.*

Katano Kasaine

Katano Kasaine
KK: mt

Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Performance Report
January 31, 2025

		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)	\$ 503,185	0.36%	0.40%	0.37%	2.56%	3.04%	2.93%	2.07%	1.63%
Core	(4)	<u>622,364</u>	0.27%	0.44%	0.48%	1.85%	3.17%	3.20%	3.05%	2.60%
Liquidity and Core		\$ 1,125,549								
Endowment	(5,6)	43,293	0.35%	0.45%		2.53%	3.05%		4.52%	
Total		<u><u>\$ 1,168,842</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 market value balance includes a PNC Bank 3-Month collateralized time certificate of deposit of \$940,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of January 9, 2025.
- (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
January 31, 2025

		Market Value (\$ in Thousands)	Minimum <u>Duration</u>	MWD <u>Duration</u>	Maximum <u>Duration</u>	<u>Benchmark</u>
Liquidity	(1,2)	\$ 503,185	0.00	0.22	0.73	0.23
Core	(3)	<u>622,364</u>	0.61	1.94	3.61	2.11
Liquidity and Core		\$ 1,125,549				
Endowment	(4)	43,293		1.91		
Total		<u><u>\$ 1,168,842</u></u>				

(1) The Liquidity Portfolio market value balance includes a PNC Bank 3-Month collateralized time certificate of deposit of \$940,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of January 9, 2025.

(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)
January 31, 2025

(\$ 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	\$ 327,321	\$ 323,854	27.71%	27.71%
California Asset Management Program	299,671	299,671	25.64%	53.35%
Medium Term Notes	246,749	246,100	21.05%	74.40%
Negotiable Certificates of Deposit	91,520	91,395	7.82%	82.22%
Mortgage-Backed Securities	58,988	59,601	5.10%	87.32%
Asset-Backed Securities	54,606	54,922	4.70%	92.02%
Commercial Paper	30,468	30,479	2.61%	94.63%
Federal Agencies	25,740	25,624	2.19%	96.82%
California Local Agency Investment Fund	25,000	25,000	2.14%	98.96%
Supranationals	5,490	5,471	0.47%	99.43%
Money Market Funds	3,555	3,555	0.30%	99.73%
Municipals	2,310	2,230	0.19%	99.92%
Bank Deposits (Certificate of Deposit) (1)	940	940	0.08%	100.00%
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	<u>\$ 1,172,358</u>	<u>\$ 1,168,842</u>	<u>100.00%</u>	

(1) PNC Bank 3-Month collateralized time certificate of deposit of \$940,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of January 9, 2025.

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
January 31, 2025

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 45,305	\$ 9,995	\$ 694	\$ -	\$ 54,606
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	454,625	97,227	252,181	-	299,671
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	28,631	9,837	-	8,000	30,468
Federal Agencies	25,708	32	-	-	25,740
Medium Term Notes	226,259	24,745	255	4,000	246,749
Money Market Funds	1,721	6,058	4,224	-	3,555
Mortgage-Backed Securities	59,107	5	124	-	58,988
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	70,521	20,999	-	-	91,520
Repurchase Agreements	-	-	-	-	-
Supranationals	5,495	-	5	-	5,490
Bank Deposits (Certificate of Deposit)	911	940	-	911	940
United States Treasuries	325,305	3,513	1,497	-	327,321
Subtotals	\$ 1,270,898	\$ 173,351	\$ 258,980	\$ 12,911	\$ 1,172,358
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ (2,941)	\$ 2,953			\$ 12
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ (2,936)	\$ 2,953		\$ -	\$ 17
Total	\$ 1,267,962	\$ 176,304	\$ 258,980	\$ 12,911	\$ 1,172,375

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
January 31, 2025

(\$ 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"	\$ 54,922	yes
Bank Deposits (Certificate of Deposit)	(1)	Collateralized/FDIC Insured	940	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(2)	"AAAm or higher"	299,671	yes
California Local Agency Investment Fund		N/A	25,000	yes
Commercial Paper		"A1/P1 or higher"	30,479	yes
Federal Agencies	(3)	N/A	25,624	yes
Medium Term Notes	(4)	"A or higher"	246,100	yes
Money Market Funds		"AAAm"	3,555	yes
Mortgage-Backed Securities		"AAA"	59,601	yes
Municipals		"A or higher"	2,230	yes
Negotiable Certificates of Deposit		"A-1 or higher"	91,395	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	5,471	yes
United States Treasuries	(5)	N/A	323,854	yes
Total Portfolio			\$ 1,168,842	

- (1) PNC Bank 3-Month collateralized time certificate of deposit of \$940,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of January 9, 2025.
- (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 agency.
- (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
January 31, 2025
(\$ in Thousands)

Credit Ratings		Medium Term Notes	Maturity Date	Market Value	Book Value
Moody's	S&P				
Baa1 (1)	A-	Truist Financial Corporate @ 1.125%	8/3/2027	\$ 458	\$ 451
Baa1 (2)	BBB (3)(4)	Intel Corporation @ 3.75%	8/5/2027	2,917	2,960
Total				\$ 3,375	\$ 3,411

(1) One notch downgrade effective 5/8/24.

(2) One notch downgrade effective 8/8/24.

(3) One notch downgrade effective 8/16/24.

(4) One notch downgrade effective 12/10/24.

Attachment 6
Holding Limit Compliance Report
(sorted in descending order by Holding Limit)
January 31, 2025

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 25,624	2.19%	100%
Mortgage-Backed Securities	59,601	5.10%	100%
United States Treasuries	323,854	27.71%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	299,671	25.64%	40%
Commercial Paper	30,479	2.61%	40%
Bank Deposits (Certificate of Deposit) (1)	940	0.08%	30%
Medium Term Notes	246,100	21.05%	30%
Municipals	2,230	0.19%	30%
Negotiable Certificates of Deposit	91,395	7.82%	30%
Supranationals	5,471	0.47%	30%
Asset-Backed Securities	54,922	4.70%	20%
Money Market Funds	3,555	0.30%	20%
Repurchase Agreements (2)	-	-	20%
California Local Agency Investment Fund (3)	25,000	2.14%	N/A
Total Portfolio	\$ 1,168,842	100.00%	

(1) PNC Bank 3-Month collateralized time certificate of deposit of \$940,000, a financial assurance of The California State Mining and Geology Board (SMGB) and The Department of Conservation Division of Mine Reclamation as of January 9, 2025.

(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)
January 31, 2025

(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		2.789	3.362	3.748	5.00	yes
Bank Deposits (Certificate of Deposit)		0.184	-	-	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		0.373	-	-	0.74	yes
Federal Agencies	(1,2)	-	1.485	-	5.00	yes
Medium Term Notes		0.871	2.142	3.132	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	2.948	3.844	5.00	yes
Municipals	(2)	-	1.153	-	5.00	yes
Negotiable Certificates of Deposit		0.481	1.003	2.000	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		-	0.112	1.953	5.00	yes
United States Treasuries	(1,2)	-	2.351	4.274	5.00	yes
Weighted Average Maturity		0.288	2.329	2.252		

- (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.