



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Chief Financial Office Group

- **Quarterly Swap Report**

Summary

This letter provides a summary of the interest rate swaps outstanding as of September 30, 2024. These transactions are consistent with board policy and Section 5922 of the California Government code, and have been executed to reduce debt service costs and reduce duration and interest rate risk.

As approved by the Board, as of September 30, 2024, Metropolitan had \$272.9 million in outstanding interest rate swaps. These transactions in connection with their associated bonds have resulted in \$128.6 million in savings through the date of this report, including \$3.8 million, net present debt service savings, on the three swap termination transactions. The mark-to-market (“MTM”) value plus the accrued interest of the swap portfolio is a negative \$6.8 million, (a decrease of 88.9% from June 30, 2024), reflecting interest rates, as of September 30, 2024, which were lower than when these swaps were executed. The large decrease in the MTM from June 30, 2024 to September 30, 2024, was due to the sharp decline in short-term interest rates over this period. The MTM value represents an estimate of the swap obligations *if they were terminated at the time of the valuation*. A negative MTM valuation amount means that Metropolitan would pay the counterparty upon termination of all transactions. A positive MTM valuation amount means that the counterparty would pay Metropolitan upon termination of all transactions. Net exposure to all counterparties is within board-approved guidelines. As of September 30, 2024, Metropolitan had no collateral posted with any counterparties.

Staff will continue to monitor the market for opportunities and work with the committee on transactions that meet Metropolitan’s policies and financial objectives.

Purpose

Informational

Attachments

Attachment 1: Swap Quarterly Report, September 2024