



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 – February 2024
Attachment 2:	Summary of Portfolio Duration Report – February 2024
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THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Date: March 12, 2024
To: Finance and Asset Management Committee
From: Katano Kasaine, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report February 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.

Katano Kasaine

Katano Kasaine

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Summary of Portfolio Performance Report
February 29, 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)	\$ 446,075	0.36%	0.43%	0.41%	2.86%	3.71%	3.56%	1.94%	1.49%
Core	(3)	<u>595,769</u>	0.24%	(0.42%)	(0.47%)	1.81%	3.43%	3.27%	2.97%	2.50%
Liquidity and Core		\$ 1,041,844								
Endowment	(4,5)	40,913	0.35%	(0.28%)		3.09%	2.78%		4.04%	
Total		<u><u>\$ 1,082,757</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
February 29, 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)	\$ 446,075	0.00	0.23	0.74	0.24
Core	(2)	<u>595,769</u>	0.65	1.96	3.65	2.15
Liquidity and Core		\$ 1,041,844				
Endowment	(3)	40,913		1.91		
Total		<u><u>\$ 1,082,757</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)
February 29, 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	\$ 268,696	\$ 268,696	24.81%	24.81%
United States Treasuries	263,112	257,569	23.79%	48.60%
Medium Term Notes	230,224	227,171	20.98%	69.58%
Federal Agencies	67,842	67,409	6.23%	75.81%
Negotiable Certificates of Deposit	61,608	61,189	5.65%	81.46%
Asset-Backed Securities	55,929	55,827	5.16%	86.62%
Commercial Paper	54,268	54,171	5.00%	91.62%
Mortgage-Backed Securities	45,262	45,120	4.17%	95.79%
California Local Agency Investment Fund	25,000	25,000	2.31%	98.10%
Money Market Funds	10,753	10,753	0.99%	99.09%
Supranationals	7,985	7,699	0.71%	99.80%
Municipals	2,310	2,153	0.20%	100.00%
Bank Deposits	-	-	-	
Bankers' Acceptances	-	-	-	
Repurchase Agreements	-	-	-	
Total Portfolio	\$ 1,092,989	\$ 1,082,757	100.00%	

Attachment 4
Summary Report of Investment & Cash Activity
(sorted alphabetically by security)
February 29, 2024

(Shown at Book Value and \$ in Thousands)

<u>Securities</u>	Beginning Balance	Purchases & Amortization	Sales	Maturities	Ending Balance
Asset-Backed Securities	\$ 52,980	\$ 5,884	\$ 2,935	\$ -	\$ 55,929
Bankers' Acceptances	-	-	-	-	-
California Asset Management Program	182,223	152,074	65,601	-	268,696
California Local Agency Investment Fund	25,000	-	-	-	25,000
Commercial Paper	97,542	3,170	7,073	39,371	54,268
Federal Agencies	74,802	40	-	7,000	67,842
Medium Term Notes	222,666	9,058	-	1,500	230,224
Money Market Funds	1,511	28,547	19,305	-	10,753
Mortgage-Backed Securities	42,705	2,561	4	-	45,262
Municipals	2,310	-	-	-	2,310
Negotiable Certificates of Deposit	68,229	18,498	5,004	20,115	61,608
Repurchase Agreements	-	-	-	-	-
Supranationals	7,990	-	5	-	7,985
Time Deposits	-	-	-	-	-
United States Treasuries	267,132	17,377	12,397	9,000	263,112
Subtotals	\$ 1,045,090	\$ 237,209	\$ 112,324	\$ 76,986	\$ 1,092,989
	Beginning Balance	Deposits		Withdrawals	Ending Balance
<u>Cash</u>					
Demand Accounts	\$ -	\$ 3		\$ -	\$ 3
Petty Cash & Payroll	5				5
Overnight Investment	-				-
Subtotals	\$ 5	\$ 3		\$ -	\$ 8
Total	\$ 1,045,095	\$ 237,212	\$ 112,324	\$ 76,986	\$ 1,092,997

Attachment 5
Credit Quality Compliance Report
(sorted alphabetically by Security)
February 29, 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"	\$ 55,827	yes
Bank Deposits		Collateralized/FDIC Insured	-	n/a
Bankers' Acceptances		"A-1 or higher"	-	n/a
California Asset Management Program	(1)	"AAAm or higher"	268,696	yes
California Local Agency Investment Fund		N/A	25,000	yes
Commercial Paper		"A1/P1 or higher"	54,171	yes
Federal Agencies	(2)	N/A	67,409	yes
Medium Term Notes		"A or higher"	227,171	yes
Money Market Funds		"AAAm"	10,753	yes
Mortgage-Backed Securities		"AAA"	45,120	yes
Municipals		"A or higher"	2,153	yes
Negotiable Certificates of Deposit		"A-1 or higher"	61,189	yes
Repurchase Agreements		"AAA"	-	n/a
Supranationals		"AA or higher"	7,699	yes
United States Treasuries	(2,3)	N/A	257,569	yes
Total Portfolio			\$ 1,082,757	

- (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
- (3) Securities have an explicit United States Government guarantee.

Attachment 6
Holding Limit Compliance Report
(sorted in descending order by Holding Limit)
February 29, 2024

(\$ in Thousands)

<u>Securities</u>	<u>Market Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Holding Limits</u>
Federal Agencies	\$ 67,409	6.23%	100%
Mortgage-Backed Securities	45,120	4.17%	100%
United States Treasuries	257,569	23.79%	100%
Bankers' Acceptances	-	-	40%
California Asset Management Program	268,696	24.81%	40%
Commercial Paper	54,171	5.00%	40%
Bank Deposits	-	-	30%
Medium Term Notes	227,171	20.98%	30%
Municipals	2,153	0.20%	30%
Negotiable Certificates of Deposit	61,189	5.65%	30%
Supranationals	7,699	0.71%	30%
Asset-Backed Securities	55,827	5.16%	20%
Money Market Funds	10,753	0.99%	20%
Repurchase Agreements (1)	-	-	20%
California Local Agency Investment Fund (2)	25,000	2.31%	N/A
Total Portfolio	<u>\$ 1,082,757</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)
February 29, 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		2.022	3.973	4.383	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		0.330	0.022	0.489	0.74	yes
Federal Agencies	(1,2)	0.418	1.574	-	5.00	yes
Medium Term Notes		0.689	2.708	3.989	5.00	yes
Money Market Funds		0.003	0.003	0.003	N/A	yes
Mortgage-Backed Securities		-	3.074	4.604	5.00	yes
Municipals	(2)	-	2.071	-	5.00	yes
Negotiable Certificates of Deposit		0.627	1.984	-	5.00	yes
Repurchase Agreements		-	-	-	0.74	n/a
Supranationals		-	0.874	2.869	5.00	yes
United States Treasuries	(1,2)	0.415	2.243	3.904	5.00	yes
Weighted Average Maturity		0.254	2.369	2.205		

(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.