



MWD

METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA

Date: January 11, 2010
To: Business and Finance Committee
From: Brian G. Thomas, Assistant General Manager/Chief Financial Officer
Subject: Treasurer's Monthly Report December 2009

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 Executive Secretary. These reports are required by Section 5114 of the MWD Administrative Code. All of the investments comply with Chapter 5101 of the MWD Administrative Code and the Investment Policy dated June 9, 2009 with the exception of the Lehman corporate notes previously reported to the Board at the September 23, 2008 meeting of the Executive Committee. The Board approved holding these notes, in recognition of market conditions and Lehman's bankruptcy filing, in order to sell these securities in an orderly fashion. Attachment 2a shows the market value of the Lehman corporate notes. Metropolitan has sufficient liquidity to pay for the next six months of expenditures.

Brian G. Thomas

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Attachments

Attachment 1
The Metropolitan Water District of Southern California (MWD)
Portfolio Performance Report
December 2009

	Market Value (\$ in Thousands)	Duration		Monthly Return		Annualized Monthly Return		Annualized Return	
		MWD	Benchmark	MWD	Benchmark	MWD	Benchmark	*Inception-to-Date MWD	Benchmark
Short-Term	(1) \$ 805,691	0.27	0.23	0.05%	0.01%	0.57%	0.10%	3.00%	2.45%
Long-Term	(2) 292,974	2.92	2.57	(1.10%)	(1.08%)	(12.38%)	(12.20%)	4.78%	4.27%
Total Core Funds	\$ 1,098,665								
Other Funds	(3) 138,070		10.16	(1.14%)		(12.88%)		9.08%	
Total	<u>\$ 1,236,735</u>								

- (1) The Short-Term Portfolio Benchmark is the Merrill Lynch, Three Month Treasury Bill Index.
- (2) The Long-Term Portfolio Benchmark is the Merrill Lynch, Corporate and Government, 1 to 5 years, A Rated and Higher Index.
- (3) Debt Service Reserve Funds and Lake Mathews Trust.

* Inception Date 5/01/2002

Attachment 2
Portfolio Summary Report
December 31, 2009

(\$ in Thousands)

<u>Securities</u>	<u>Credit Quality</u>		<u>Market Value</u>		<u>Book Value</u>	<u>Percent of Portfolio Market Value</u>	<u>Investment Policy Limits</u>
United States Treasuries	"AAA" *	\$	179,389	\$	179,600	14.51%	100%
Gov't National Mtge Assoc.	"AAA" *	\$	3,060	\$	2,897	0.25%	100%
Federal Agencies	"AAA"	\$	491,900	\$	492,023	39.77%	100%
Repurchase Agreements	"AAA" **	\$	-	\$	-	0.00%	50%
Bankers' Acceptances	"F1" ***	\$	1,761	\$	1,761	0.14%	40%
Commercial Paper	"A1/P1" ***	\$	100,364	\$	100,367	8.12%	25%
Negotiable Certificates of Deposit	"F1"	\$	60,324	\$	60,325	4.88%	30%
Time Deposits	"F1"	\$	-	\$	-	0.00%	N/A
Shares of Beneficial Interest	"AAA"	\$	511	\$	511	0.04%	20%
Local Agency Investment Fund		\$	46,940	\$	46,940	3.80%	N/A
(1) Medium Term Notes	"A" ***	\$	91,298	\$	92,672	7.38%	30%
Asset & Mortgage-Backed Securities	"AAA"	\$	47,107	\$	45,818	3.81%	20%
(2) Municipals	*** ***	\$	214,081	\$	218,365	17.31%	30%
Total Portfolio			<u>\$ 1,236,735</u>		<u>\$ 1,241,279</u>	<u>100.0%</u>	

- * Explicit United States Government Guarantee.
- ** Use only primary dealers and collateral consists of Treasuries and/or Federal Agencies with maturities under 5 years.
- *** The securities are rated A or better, including short-term ratings of P1/A1/F1 or better.
- (1) Please see attachment 2a for securities that are rated less than A.
- (2) The municipal bonds portfolio book and market value of \$84.3 million was rated AAA. The remaining balance of the portfolio was rated A or better.

Portfolio Summary Report
Attachment 2a
December 31, 2009
 (\$ in Thousands)

	Credit Ratings		Description	Maturity Date	Market Value	Book Value
	Moody's	S&P				
(1)	*	*	Lehman Corporate Floating Rate Note	10/22/2008	\$ 56	\$ 286
(1)	*	*	Lehman 3.60%	3/13/2009	\$ 975	\$ 4,979
					\$ 1,031	\$ 5,265

* Note: Securities are in default and credit ratings are no longer provided by the various rating agencies.

(1) Medium Term Notes.

Attachment 3
Summary Report of Investment & Cash Activity
December 2009

(Shown at Book Value and \$ in Thousands)

	Beginning Balance	Purchases	Sales	Maturities	Ending Balance
United States Treasuries	\$ 159,342	\$ 24,386	\$ 4,128	\$ -	\$ 179,600
Gov't National Mtge Assoc.	\$ 19	\$ 2,878	\$ -	\$ -	2,897
Federal Agencies	\$ 530,204	\$ 185,649	\$ 190,746	\$ 33,084	492,023
Repurchase Agreements	\$ -				-
Bankers' Acceptances	\$ 1,254	\$ 2,304	\$ -	\$ 1,797	1,761
Commercial Paper	\$ 106,972	\$ 865,849	\$ -	\$ 872,454	100,367
Negotiable Certificates of Deposit	\$ -	\$ 60,325	\$ -	\$ -	60,325
Time Deposits	\$ -				-
Shares of Beneficial Interest	\$ 709	\$ 3,315	\$ 3,513	\$ -	511
Local Agency Investment Fund - California	\$ 50,000	\$ -	\$ 3,060	\$ -	46,940
Medium Term Notes	\$ 80,693	\$ 18,374	\$ 111	\$ 6,284	92,672
Asset & Mortgage-Backed Securities	\$ 51,615	\$ -	\$ 630	\$ 5,167	45,818
Municipal Bonds	\$ 217,973	\$ 6,216	\$ 5,824	\$ -	218,365
Subtotals	\$ 1,198,781	\$ 1,169,296	\$ 208,012	\$ 918,786	\$ 1,241,279
	Ending Balance	Deposits		Withdrawals	Ending Balance
Cash					
Demand Accounts	\$ 489	371			\$ 860
Petty Cash	5				\$ 5
Less Overnight Investment	(3,000)	3,000			\$ - (A)
Subtotals	\$ (2,506)	\$ 3,371	\$ -	\$ -	\$ 865
Total	\$ 1,196,275	\$ 1,172,667	\$ 208,012	\$ 918,786	\$ 1,242,144

(A) Includes investment of outstanding checks.