

Honorable Mayor and Members
Of City Council
City Hall
Torrance, California

Members of Council:

SUBJECT: City Treasurer - Accept and file Investment Report for February 2013

RECOMMENDATION

Recommendation of the City Treasurer that City Council accept and file the attached monthly investment report for the month of February 2013.

FUNDING

Not applicable

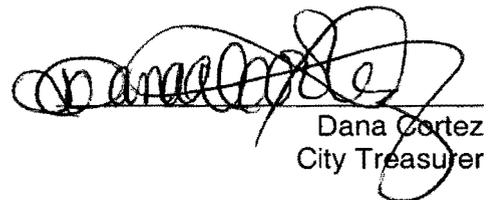
BACKGROUND

On December 18, 2012, Your Honorable Body, through passage of Resolution 2012-94, adopted an official "Statement of Investment Policy" as recommended by the City Treasurer. The City's Statement of Investment Policy requires the City Treasurer to report a monthly statement of investment activity. This requirement was providing the attached report.

Investment Committee Note

The Investment Committee, made up of the Finance Director, City Manager, City Attorney, City Treasurer and Deputy City Treasurer, as created by your Honorable Body, has reviewed the attached report.

Respectfully submitted,


Dana Cortez
City Treasurer

Noted:

LeRoy J. Jackson
Investment Committee Member

CC: City Manager
City Clerk

Investment Report Summary Notes for February 2013

Investment Activity during the Period

The investment activity for February included deposits and redemptions. There were 2 purchases in the amount of \$2 million with an average yield of 1.18%. All new purchases were Federal Agencies with the following breakdown:

Federal Home Loan Bank	Monthly call	1.25%
Federal Home loan Bank	1 year call protection	1.10%

There were 2 calls amounting to \$ 5 million and 2 maturities amounting to \$ 4 million for a total of \$9 million with an average yield of 1.283%.

The activity in the LAIF Account consisted of 7 deposits for a total of \$17.5 million and 5 withdrawals for a total of \$8.1 million. LAIF's average yield for February was .286%. The total portfolio increased by \$ 2.6 million. The increase of the portfolio is due to business license renewal.

Liquidity of the Portfolio

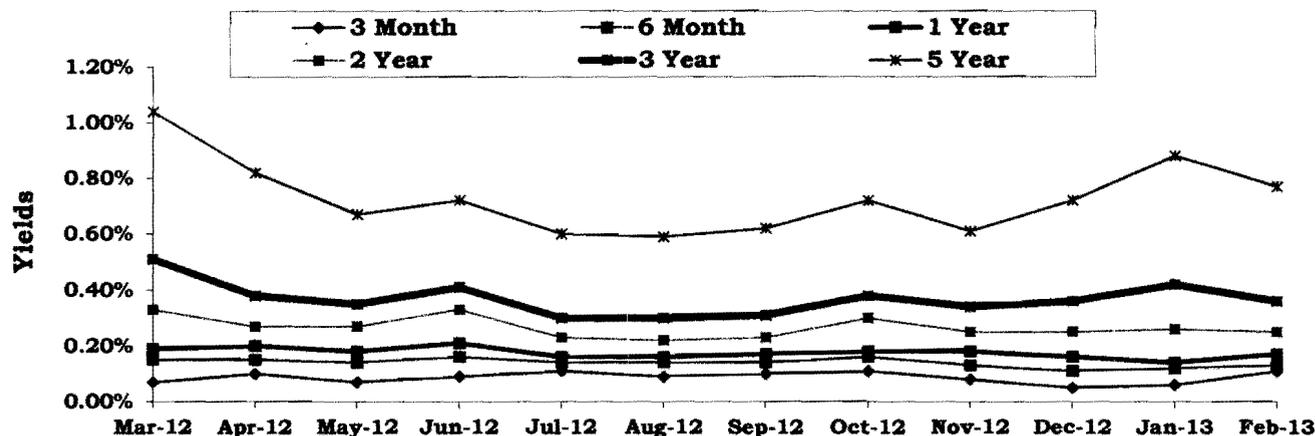
The average investment in the portfolio matures in 897 days (2.46 yrs) which is a decrease of 49 days from the month of February. In order to meet our liquidity needs we continue to maintain adequate short term investments of 25.88% (\$43.4 million) that will mature within six months. Per our projected cash flows for the next six months expenditures exceed anticipated revenues in the amount of \$15.3 million. We are in complete compliance with SB 564 which requires that we have sufficient liquidity to meet our pooled expenditures for the next six months. Note: City Attorney Fellows concurs with the definition of "pooled expenditures" provided by City Treasurer Cortez.

Investment Comparison to Benchmark

For the month of February the City's yield to maturity on pooled investments was 1.087%. The yield to maturity continues to decline. The Average Effective Rate of Return for fiscal Year to date is 1.28%. The average yield on the 3 year U.S. Constant Maturing Treasury (CMT) ending February 2013 was .36%, which is a decrease from the previous month. The portfolio performed above our benchmark (CMT) by .73% (73 basis points).

The graph below tracks the US Constant Maturing Treasury yields for the past twelve month period for a variety of terms.

Historical Constant Maturing Treasury Yields



Portfolio Forecast

February was a positive month by all indications. Unemployment claims were lower than anticipated. Housing market showed continued improvement, GDP was positive although sluggish and the Federal Reserve expressed no intention of stopping their economic assistance. The Federal Reserve stated they would continue to do whatever it is in their power to shore up the economy until more permanent signs of a recovery are evident. Market concerns were expressed about how the Federal Reserve would unwind Quantitative Easing (QE). In an effort to calm investors Chairman Bernanke stated that in order to provide stability the Federal Reserve would consider possibly allowing investments to roll off instead of inundating the market with Prepared by the City Treasurer's Dept. for Investment Advisory Committee reference.

Investment Report Summary Notes for February 2013

securities. Although the details are not clear this statement provided the market the reassurance it needed. Despite all the positive signs, political parties manage to act in a manner that raise uncertainty and frankly frighten people and institutional investors alike. The budget sequestration and the lack of ability to reach consensus on the US long term debt and entitlements are the epitome of this behavior causing underlying concerns moving forward.

Other Matters:

With reference to the change in the strategy in managing the City's portfolio the following are the steps being made to reach our goals.

Currently the portfolio holds a set aside of \$36 million to cover the upcoming TRAN payment of \$32.8 million payment due in July.

We have upcoming callable securities:	\$3 million - March
	\$5 million - April
	\$10 million - May

We have anticipated two tax increments:	\$8 million aprox. - April
	\$12 million aprox. - May

This will provide a total of about \$74 million dollars of liquidity. This will cover the TRAN \$32.8 and PERS prepayment of \$29 million all due in the first half of July 2013.

Funds will be retained in LAIF until needed for an account maximum balance of \$50 million (current yield .286%). The difference will be held in our general account. Although we do not earn hard dollar for our balance, the City will receive an earnings credit of .25% which will be used to offset our banking cost during that same period. The account is protected by collateralization at a rate of 110%. These deposits will be handled in accordance with the requirement of Financial Institutions Reform, Recovery and Enforcement Act to provide the City a perfected security interest in the collateral pledge by the bank. The bank pledges collateral defined as eligible for CA Local Agencies under California Government Code Section 53651.

Once LAIF funds have been drawn down our general account funds will then be moved to LAIF to be used to cover our pooled expenditure shortages for the next six months until we receive our next property tax increment in December 2013. All future investment purchases will be made with the primary intent of filling projected liquidity shortages.

This is the plan that will be presented to the Finance and Operations committee for review and final approval on April 9, 2013.

On the day of the meeting on March 25, 2013, it was presented to the Investment Advisory Committee and with prior concurrence by the Finance Director, that the above mentioned strategy will not be implemented.





CITY OF TORRANCE
Monthly Investment Portfolio Report
February 28, 2013

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Investment Report February 2013

Investment Portfolio Highlights

RETURN	Current Month	Previous Month
Average City Portfolio YTM	1.087%	1.158%
Average U.S. Treasury Constant	0.360%	0.420%
LAIF Average Monthly Return	0.286%	0.300%
Average City Portfolio YTM - 1 year	1.437%	1.510%
INTEREST INCOME	Current Period	Prior Year
Fiscal year to date	\$1,281,406	\$1,735,268
Current month	\$151,852	\$241,586
MATURITY	Current Month	Prior Month
Average Maturity (days)	897	946
Average Maturity 1 Year Prior	982	920
Weighted Average Maturity (years)	2.46	2.59
VOLUMES	Total \$ Volume	# of Transactions
Purchases	\$48,727,485	9
Maturities	\$46,082,585	10

Portfolio Activity Summary

Month End	Year	Number of Securities	Average Balance	Yield to Maturity 360	Yield to Maturity 365	Managed Pool Rate	Inv Purchased	Inv Redeemed	Average Term	Average Days to Mat
February	2012	104	172,417,574.90	1.418	1.438	0.389%	10	7	1,227	982
March	2012	102	170,844,028.64	1.426	1.446	0.383%	3	5	1,284	1,020
April	2012	106	166,719,089.02	1.415	1.434	0.367%	7	3	1,317	1,048
May	2012	105	178,400,048.85	1.349	1.368	0.363%	2	3	1,256	983
June	2012	100	183,392,700.59	1.262	1.280	0.358%	1	6	1,181	900
July	2012	96	162,037,232.18	1.391	1.410	0.363%	4	8	1,386	1,045
August	2012	100	145,326,329.75	1.336	1.355	0.377%	10	6	1,377	1,039
September	2012	107	147,274,617.22	1.341	1.360	0.348%	14	7	1,418	1,084
October	2012	106	146,172,452.79	1.307	1.325	0.340%	4	5	1,393	1,040
November	2012	103	141,033,420.88	1.314	1.333	0.324%	5	6	1,455	1,084
December	2012	102	140,618,535.57	1.250	1.267	0.326%	5	6	1,392	1,034
January	2013	105	152,968,245.09	1.142	1.158	0.300%	6	3	1,272	946
February	2013	103	163,915,462.24	1.072	1.087	0.286%	2	4	1,199	897
Average		103	159,212,464.63	1.309%	1.327%	0.348%	6	5	1,320	1,008

Portfolio Activity Detail

Investment Number	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAYS HELD/ DAYS TO MATURITY	RATE	YIELD	PAR VALUE	COST	MARKET VALUE
PURCHASES											
11088	Citigroup/Smith Barney	2/22/2013	FHLB	AA+/Aaa	2/22/2018	1826	1.250%	1.252%	1,000,000	999,900	1,000,510
11089	Citigroup/Smith Barney	2/27/2013	FHLB	AA+/Aaa	2/27/2013	1826	1.100%	1.100%	1,000,000	1,000,000	1,002,600
								1.176%	2,000,000	1,999,900	2,003,110
MATURITIES/CALLS											
10938	Morgan Stanley	2/8/2011	Berkshire Hathaway	AA+/Aa	2/11/2013	734/734	2.125%	0.969%	3,000,000	3,000,000	3,000,000
10788	Higgins Capital	2/26/2009	FHLB	AA+/Aaa	2/26/2013	1461/1461	2.625%	2.623%	2,000,000	2,000,000	2,000,000
11016	Vinning Sparks	2/8/2012	FNMA	AA+/Aaa	2/8/2017	366/1827	1.000%	0.997%	2,000,000	2,000,000	2,000,000
11025	Higgins Capital	2/28/2012	FNMA	AA+/Aaa	2/28/2012	366/1827	1.000%	0.698%	2,000,000	2,000,000	2,000,000
								1.283%	9,000,000	9,000,000	9,000,000

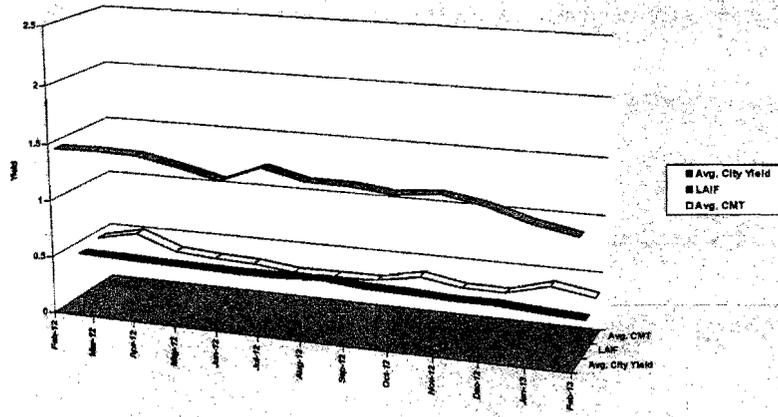
State of California	Beginning Balance	Rate	Yield	Deposits	Withdrawals	Interest Accrued	Ending Balance
Local Agency Pool							
City	16,306,152	0.300%	0.300%	17,500,000	28,100,000	-	5,706,152
TRANS Repayment	16,000,000	0.300%	0.300%	20,000,000	-	-	36,000,000
	\$ 32,306,152			\$ 37,500,000	\$ 28,100,000	\$ -	\$ 41,706,152





Investment Report February 2013

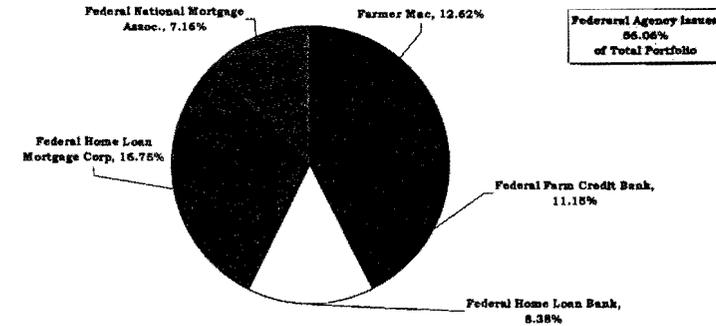
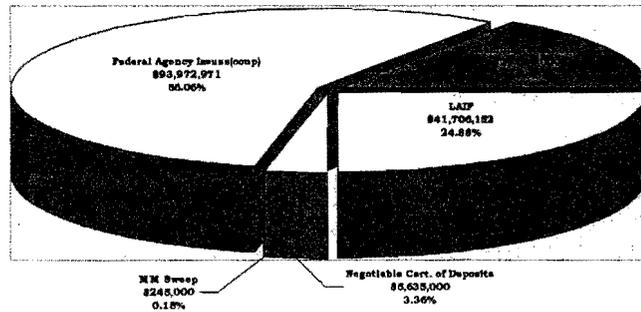
Portfolio Performance



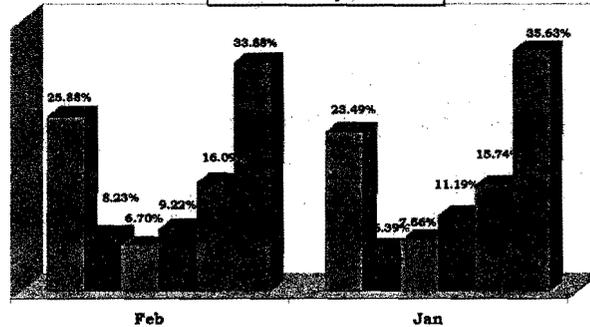
Interest Earnings Summary

CD/Coupon/Discount Investments:	Month Ending Feb 28	Fiscal Year End
Interest Collected	227,565	1,713,142
Plus Accrued Interest at	425,752	425,723
Less Accrued Interest at	-490,246	-706,442
Interest Earned	\$ 163,071	\$ 1,432,423
Adjusted by Premium	-18,417	-187,662
Adjusted by Capital	-	-
Earnings during	\$ 144,654	\$ 1,244,761
Cash/Checking Accounts:		
Interest Collected	21	20,015
Plus Accrued Interest at	99,486	99,486
Less Accrued Interest at	-92,308	-82,857
Interest Earned	\$ 7,199	\$ 36,644
Total Interest Earned	170,269	1,469,067
Total Adjustments from Premiums and Discounts	-18,417	-187,662
Total Capital Gains or Total Earnings this Period	\$151,852	\$1,281,405

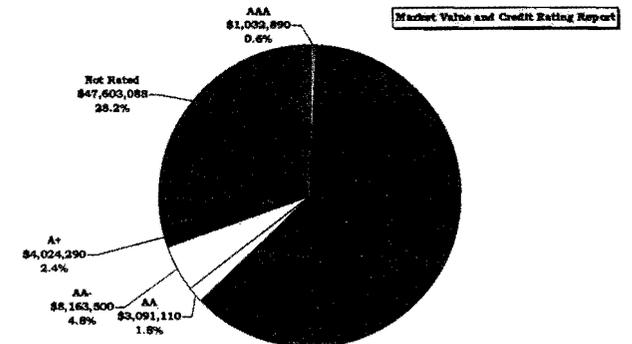
Portfolio Diversification



Portfolio Maturity Distribution



■ 1 day to 6 months
 ■ 6 months to 1 year
 ■ 1 year to 2 years
 ■ 2 years to 3 years
 ■ 3 years to 4 years
 ■ 4 years to 5 years







Investment Report
February 2013

Portfolio Summary

	Book Value	% of Portfolio	% per Policy	Duration	Days to Maturity	Current Yield
Local Agency Investment Fund	41,706,152	24.88%	**	1	1	N/A 0.286%
Negotiable CDs	5,635,000	3.36%		984	834	5 years 0.837%
Money Market Sweep Account	245,000	0.15%		1	1	0.001%
Federal Agency Issues - Coupons	93,972,971	56.06%	75%	1,677	1,331	5 years 1.166%
Partner Mac	21,152,428	12.62%	30%	1,359	1,397	5 years 1.103%
Federal Farm Credit Bank	18,686,831	11.15%	30%	1,060	1,093	5 years 1.282%
Federal Home Loan Bank	14,055,506	8.38%	30%	1,329	1,374	5 years 1.198%
Federal Home Loan Mortgage Corp.	28,078,206	16.75%	30%	1,321	1,357	5 years 1.031%
Federal National Mortgage Assoc.	12,000,000	7.16%	30%	1,420	1,460	5 years 1.372%
Treasury Securities - Coupons	0	0.00%	100%	0	0	5 years 0.000%
Medium Term Notes	26,081,001	15.56%	20%	1,452	786	5 years 2.147%
Total Investments & Averages	167,640,124	100.00%		1,199	897	1.087%

GASB required securities

	Beginning Investment Value as of July 1, 2012	Purchase/Redemption of Principal	Change in Market Value	Ending Investment Value as of February 28, 2013
Federal Agency (coup)	106,620,084	(11,748,080)	(339,537)	94,532,467
Treasury Securities Negotiable	1,967,326	3,675,000	9,610	5,651,936
Certificate Deposits	-	-	-	-
Medium Term Notes	32,510,722	(5,998,700)	74,578	26,586,600
Municipal Bonds	169,300	(169,300)	-	-
SUB-TOTAL PER GASB 31	\$141,267,432	(\$14,241,080)	(\$255,349)	\$126,771,003

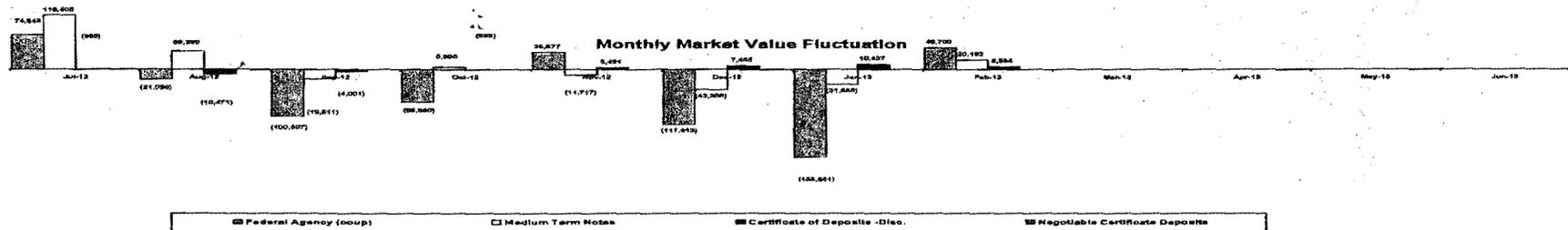
Non-GASB

	Beginning Investment Value as of July 1, 2012	Purchase/Redemption of Principal	Change in Market Value	Ending Investment Value as of February 28, 2013
LAIF	36,426,398	5,279,754	-	41,706,152
Money Market	8,000,000	(7,755,000)	-	245,000
Federal Agency - Treasury Security - Certificate of Deposits - Disc. Commercial paper	-	-	-	-
TOTAL PORTFOLIO	\$185,693,831	(\$16,716,326)	(\$255,349)	\$168,722,155

Effective Rate of Return

	Month Ending	Fiscal YTD
Pending Redemptions	1.21%	1.28%
Accrued Interest at Purchase	0	62
Total Accrued Interest	62	62
TOTAL CASH & INVESTMENTS	167,640,186	

The Governmental Accounting Standards Board (GASB) has established Statement No. 31 for setting investment valuation standards. We will note the unrealized gain/loss monthly although we will not physically apply it to earnings until year-end, as GASB 31 requires. The portfolio paper gain or loss is the difference between the book and market value of securities with a maturity term of one year or longer at purchase. The disclosure of paper losses reveals the worst case scenario of liquidity in our portfolio. The philosophy of the city is to buy and hold to maturity.
NOTE: SB 264 passed in 1995, effective February 1, 1996, requires that local agencies submit a quarterly report to the legislative body containing detailed information on all securities, investments, and monies of the local agency. It also requires a statement of compliance of the portfolio with the statement of investment policy and a statement of the local agency's ability to meet the expenditure requirements of the pool for the next six months.



Portfolio Note:

**Maximum allowed by Investment Policy is \$50 million per agency. General LAIF account - \$ 41,706,152 TRANS payment account - \$0
I certify that this report accurately reflects all pooled investments and is in conformity with the City of Torrance Investment Policy Statement adopted by resolution 2012-94 on December 18, 2012 *except for Medium Term Notes category. Per California Government Code §53601 investments only need to be in compliance at the time of purchase which this category was. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides sufficient cash flow liquidity to meet six months of estimated expenditures.

[Signature]
Dana Cortes - City Treasurer

[Signature]
Sheldon Abalayan - Deputy City Treasurer

Reviewed by the Investment Advisory Committee:

[Signature]
Dana Cortes
City Treasurer

[Signature]
City Manager

[Signature]
City Attorney

[Signature]
Director of Finance

[Signature]
Deputy City Treasurer



Finance Reconciliation Reports
Portfolio Management
Portfolio Details - Investments
February 28, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L			5,706,152.38	5,706,152.38	5,706,152.38	0.286		0.286	1	
SYS1000a	1000A	LAIF - TRANS FUNDS			36,000,000.00	36,000,000.00	36,000,000.00	0.286		0.286	1	
Subtotal and Average			31,345,438.09		41,706,152.38	41,706,152.38	41,706,152.38			0.286	1	
Money Market Sweep Account												
316175108S	1000	Union Bank of California			245,000.00	245,000.00	245,000.00	0.001		0.001	1	
Subtotal and Average			3,264,719.43		245,000.00	245,000.00	245,000.00			0.001	1	
Negotiable CD's												
33764JHM0	11052	First Bank of Puerto Rico		08/01/2012	245,000.00	247,261.35	245,000.00	1.250		1.251	1,249	08/01/2016
332135FA5	11069	First National Bank of Omaha		10/10/2012	245,000.00	244,804.00	245,000.00	0.550		0.550	405	04/10/2014
02005QN90	11044	Ally Bank		08/01/2012	245,000.00	246,354.85	245,000.00	1.150		1.150	885	08/03/2015
02587DLD8	11070	American Express Cent		10/04/2012	245,000.00	247,503.90	245,000.00	1.550		1.550	1,678	10/04/2017
037830NA0	11047	Apple Bank Savings		08/01/2012	245,000.00	245,009.80	245,000.00	0.500		0.500	339	02/03/2014
07370VLN6	11064	Beal Bank USA		09/26/2012	245,000.00	244,931.40	245,000.00	0.400		0.400	208	09/25/2013
07370TUT8	11063	Beal Bank SSB Plano Texas		09/26/2012	245,000.00	244,931.40	245,000.00	0.400		0.400	208	09/25/2013
06426NGR7	11068	Bank of China		09/26/2012	245,000.00	245,703.15	245,000.00	0.650		0.650	574	09/26/2014
06251AYM6	11062	Bank Hapoalim BM NY		09/26/2012	245,000.00	245,066.15	245,000.00	0.500		0.500	209	09/26/2013
05568PZ91	11073	BMW Bank of North America		11/02/2012	245,000.00	245,803.60	245,000.00	0.950		0.950	976	11/02/2015
20033AAU0	11084	Comenity Capital Bank		01/18/2013	245,000.00	244,206.20	245,000.00	0.750		0.750	1,419	01/18/2017
254671GK0	11058	Discover Bank		09/19/2012	245,000.00	247,102.10	245,000.00	1.250		1.250	1,298	09/19/2016
25811L2K4	11077	DORAL BANK		12/07/2012	245,000.00	245,078.40	245,000.00	0.550		0.550	280	12/06/2013
29976DNQ9	11059	EverBank		09/14/2012	245,000.00	247,156.00	245,000.00	0.900		0.900	1,293	09/14/2016
36160XN52	11051	GE Capital Bank		08/03/2012	245,000.00	246,002.05	245,000.00	1.150		1.150	885	08/03/2015
38143AXS9	11045	Goldman Sachs Bank		08/01/2012	245,000.00	246,296.05	245,000.00	1.200		1.200	885	08/03/2015
062782W52	11080	BANK OF INDIA		12/05/2012	245,000.00	244,990.20	245,000.00	0.500		0.500	278	12/04/2013
48124JRY6	11085	JPMORGAN		01/28/2013	245,000.00	243,938.17	245,000.00	0.750		0.750	1,794	01/28/2018
60688TGZ6	11078	Mizuho Corp USA		12/12/2012	245,000.00	245,173.95	245,000.00	0.550		0.550	286	12/12/2013
78658OX96	11043	Safra National Bank		07/31/2012	245,000.00	246,430.80	245,000.00	0.800		0.800	882	07/31/2015
79545ONT8	11053	Sallie Mae Bank		08/08/2012	245,000.00	246,332.80	245,000.00	1.100		1.100	892	08/10/2015
84603M2H8	11046	Sovereign Bank		08/01/2012	245,000.00	245,801.15	245,000.00	0.850		0.850	518	08/01/2014
94768NJD7	11081	Webster Bank		12/12/2012	245,000.00	246,058.40	245,000.00	1.000		1.000	1,747	12/12/2017
Subtotal and Average			5,635,000.00		5,635,000.00	5,651,935.87	5,635,000.00			0.837	834	



Finance Reconciliation Reports
Portfolio Management
Portfolio Details - Investments
February 28, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
31315PQN2	10936	Farmer Mac		02/03/2011	3,000,000.00	3,031,500.00	3,000,000.00	1.340	AA+	1.340	339	02/03/2014
31315PA25	10984	Farmer Mac		07/27/2011	1,000,000.00	1,045,120.00	999,659.44	2.000	AA+	2.011	1,244	07/27/2016
31315PDZ9	10986	Farmer Mac		08/23/2011	2,000,000.00	2,088,520.00	2,062,324.01	2.375	AA+	1.042	873	07/22/2015
31315PVC0	11035	Farmer Mac		04/26/2012	3,090,000.00	3,088,176.90	3,089,905.58	1.200	AA+	1.204	1,517	04/26/2017
31315PXK0	11071	Farmer Mac		10/25/2012	2,000,000.00	2,001,520.00	2,000,000.00	0.650	AA+	1.053	1,699	10/25/2017
31315PXR5	11072	Farmer Mac		11/02/2012	2,000,000.00	2,001,840.00	2,000,000.00	0.700	AA+	0.700	1,708	11/03/2017
31315PYR4	11074	Farmer Mac		11/07/2012	3,000,000.00	3,002,880.00	3,000,000.00	1.020	AA+	1.020	1,712	11/07/2017
31315PWE5	11083	Farmer Mac		01/08/2013	3,000,000.00	2,995,080.00	2,999,360.42	0.930	AA+	0.935	1,774	01/08/2018
31315PNZ8	11086	Farmer Mac		01/30/2013	2,000,000.00	2,011,340.00	2,001,179.33	1.038	AA+	1.025	1,796	01/30/2018
31331GVD8	10800	FEDERAL FARM CREDIT BANK		05/08/2009	1,000,000.00	1,002,090.00	1,000,000.00	2.200	AA+	2.200	38	04/08/2013
31331XWW8	10879	FEDERAL FARM CREDIT BANK		05/05/2010	500,000.00	527,340.00	515,381.69	5.000	AA+	2.192	420	04/25/2014
31331JQ55	10907	FEDERAL FARM CREDIT BANK		10/06/2010	1,000,000.00	1,014,110.00	1,000,000.00	1.150	AA+	1.150	584	10/06/2014
31331KCK4	10942	FEDERAL FARM CREDIT BANK		02/17/2011	1,000,000.00	1,033,490.00	1,000,000.00	2.030	AA+	2.030	718	02/17/2015
31331X2Q4	10947	FEDERAL FARM CREDIT BANK		03/01/2011	1,000,000.00	1,024,560.00	1,019,500.75	5.000	AA+	1.100	187	09/04/2013
31331VPV2	10954	FEDERAL FARM CREDIT BANK		04/01/2011	2,000,000.00	2,273,860.00	2,154,783.33	4.950	AA+	2.280	1,127	04/01/2016
31331KGN4	10955	FEDERAL FARM CREDIT BANK		04/07/2011	1,000,000.00	1,013,060.00	1,000,000.00	1.400	AA+	1.400	402	04/07/2014
3133EAGH5	11028	FEDERAL FARM CREDIT BANK		03/08/2012	2,000,000.00	2,000,460.00	2,000,000.00	1.250	AA+	1.250	1,468	03/08/2017
3133EAKP2	11032	FEDERAL FARM CREDIT BANK		04/04/2012	1,000,000.00	998,720.00	1,000,000.00	1.360	AA+	1.360	1,495	04/04/2017
3133EAA81	11041	FEDERAL FARM CREDIT BANK		07/30/2012	1,000,000.00	998,920.00	1,000,000.00	0.780	AA+	0.780	1,431	01/30/2017
3133EAA24	11048	FEDERAL FARM CREDIT BANK		07/26/2012	1,000,000.00	1,000,050.00	999,787.33	0.730	AA+	0.736	1,243	07/26/2016
3133EAX29	11060	FEDERAL FARM CREDIT BANK		09/18/2012	1,000,000.00	1,001,490.00	1,000,000.00	0.980	AA+	0.980	1,662	09/18/2017
3133EA2K3	11066	FEDERAL FARM CREDIT BANK		09/28/2012	1,000,000.00	1,000,030.00	1,000,000.00	0.450	AA+	0.450	941	09/28/2015
3133EA2H0	11067	FEDERAL FARM CREDIT BANK		10/01/2012	1,000,000.00	1,000,100.00	1,000,000.00	0.440	AA+	0.440	944	10/01/2015
3133EC5A8	11075	FEDERAL FARM CREDIT BANK		11/28/2012	2,000,000.00	1,994,700.00	2,000,000.00	0.870	AA+	0.870	1,732	11/27/2017
3133ECE26	11087	FEDERAL FARM CREDIT BANK		01/30/2013	1,000,000.00	999,370.00	997,377.78	0.940	AA+	1.022	1,796	01/30/2018
3133XY6S9	10899	FEDERAL HOME LOAN BANK		08/26/2010	1,000,000.00	1,011,880.00	1,006,475.77	2.000	AA+	1.002	242	10/29/2013
313372W26	10950	FEDERAL HOME LOAN BANK		03/15/2011	1,000,000.00	1,000,910.00	1,000,000.00	2.500	AA+	2.500	1,110	03/15/2016
313373RC8	10956	FEDERAL HOME LOAN BANK		05/16/2011	1,000,000.00	1,014,200.00	1,001,190.90	1.250	AA+	1.164	516	07/30/2014
313376Q99	11007	FEDERAL HOME LOAN BANK		01/13/2012	2,000,000.00	2,016,280.00	2,000,000.00	1.125	AA+	1.125	1,414	01/13/2017
313378W56	11037	FEDERAL HOME LOAN BANK		04/30/2012	2,000,000.00	2,039,440.00	2,000,000.00	2.000	AA+	1.425	1,515	04/24/2017
313370TW8	11040	FEDERAL HOME LOAN BANK		07/25/2012	1,000,000.00	1,053,850.00	1,047,908.87	2.000	AA+	0.620	1,288	09/09/2016
313380C62	11049	FEDERAL HOME LOAN BANK		08/23/2012	2,000,000.00	2,000,920.00	2,000,000.00	0.500	AA+	1.031	1,636	08/23/2017
313380P92	11055	FEDERAL HOME LOAN BANK		09/26/2012	1,000,000.00	999,810.00	1,000,000.00	1.000	AA+	1.000	1,670	09/26/2017
313380MF1	11057	FEDERAL HOME LOAN BANK		09/18/2012	1,000,000.00	999,710.00	1,000,000.00	1.000	AA+	1.005	1,662	09/18/2017
3133822M4	11088	FEDERAL HOME LOAN BANK		02/22/2013	1,000,000.00	1,000,510.00	999,930.00	1.250	AA+	1.252	1,819	02/22/2018
3133824S9	11089	FEDERAL HOME LOAN BANK		02/27/2013	1,000,000.00	1,002,600.00	1,000,000.00	1.100	AA+	1.100	1,824	02/27/2018



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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon												
3128X1CS4	10915	FEDERAL HOME LOAN MORTGAGE CO		10/27/2010	1,000,000.00	1,032,090.00	1,027,235.15	4.580	AA+	0.730	263	11/19/2013
3134G3EN6	11003	FEDERAL HOME LOAN MORTGAGE CO		12/30/2011	1,000,000.00	1,005,470.00	1,000,000.00	1.000	AA+	1.000	851	06/30/2015
3134G3GM6	11009	FEDERAL HOME LOAN MORTGAGE CO		01/13/2012	1,000,000.00	1,009,510.00	1,000,000.00	1.300	AA+	1.300	1,414	01/13/2017
3134G3GX2	11010	FEDERAL HOME LOAN MORTGAGE CO		01/13/2012	2,000,000.00	2,013,540.00	2,000,000.00	1.400	AA+	1.400	1,414	01/13/2017
3137EADC0	11017	FEDERAL HOME LOAN MORTGAGE CO		01/30/2012	1,000,000.00	1,012,060.00	997,244.56	1.000	AA+	1.071	1,468	03/08/2017
3134G3MR8	11018	FEDERAL HOME LOAN MORTGAGE CO		02/13/2012	1,000,000.00	1,002,900.00	1,000,000.00	0.550	AA+	0.550	714	02/13/2015
3134G3NA4	11019	FEDERAL HOME LOAN MORTGAGE CO		02/28/2012	3,000,000.00	3,020,520.00	3,000,000.00	0.750	AA+	0.750	1,460	02/28/2017
3134G3MX5	11021	FEDERAL HOME LOAN MORTGAGE CO		02/24/2012	1,000,000.00	1,005,070.00	1,000,000.00	0.800	AA+	0.800	1,090	02/24/2016
3134G3NA4	11022	FEDERAL HOME LOAN MORTGAGE CO		02/28/2012	2,000,000.00	2,013,680.00	2,000,000.00	0.750	AA+	1.313	1,460	02/28/2017
3134G3MT4	11026	FEDERAL HOME LOAN MORTGAGE CO		02/24/2012	2,000,000.00	2,010,340.00	2,000,000.00	1.125	AA+	1.125	1,456	02/24/2017
3134G3SD3	11027	FEDERAL HOME LOAN MORTGAGE CO		03/28/2012	2,000,000.00	2,010,140.00	2,000,000.00	0.750	AA+	0.750	941	09/28/2015
3137EACT4	11034	FEDERAL HOME LOAN MORTGAGE CO		04/26/2012	1,000,000.00	1,063,750.00	1,053,726.36	2.500	AA+	0.810	1,183	05/27/2016
3134G3VH0	11038	FEDERAL HOME LOAN MORTGAGE CO		05/24/2012	5,000,000.00	5,009,050.00	5,000,000.00	1.200	AA+	1.200	1,545	05/24/2017
3134G3WD8	11039	FEDERAL HOME LOAN MORTGAGE CO		06/12/2012	2,000,000.00	2,019,980.00	2,000,000.00	1.250	AA+	1.250	1,564	06/12/2017
3134G32L3	11079	FEDERAL HOME LOAN MORTGAGE CO		12/26/2012	2,000,000.00	1,989,560.00	2,000,000.00	0.850	AA+	0.850	1,761	12/26/2017
3134G33B4	11082	FEDERAL HOME LOAN MORTGAGE CO		01/11/2013	1,000,000.00	997,840.00	1,000,000.00	1.000	AA+	1.000	1,777	01/11/2018
3136FRUP6	10967	FEDERAL NATIONAL MORT ASSOC		07/15/2011	3,000,000.00	3,019,650.00	3,000,000.00	2.000	AA+	2.000	1,232	07/15/2016
3136FT3W7	11031	FEDERAL NATIONAL MORT ASSOC		03/28/2012	2,000,000.00	2,000,760.00	2,000,000.00	1.125	AA+	1.332	1,488	03/28/2017
3136G0DQ1	11033	FEDERAL NATIONAL MORT ASSOC		04/26/2012	2,000,000.00	2,002,200.00	2,000,000.00	1.000	AA+	0.998	1,243	07/26/2016
3136G0VA6	11050	FEDERAL NATIONAL MORT ASSOC		08/14/2012	1,000,000.00	1,002,160.00	1,000,000.00	0.625	AA+	1.226	1,627	08/14/2017
3136G0D57	11054	FEDERAL NATIONAL MORT ASSOC		09/27/2012	1,000,000.00	1,000,840.00	1,000,000.00	0.500	AA+	1.240	1,671	09/27/2017
3136G0D24	11061	FEDERAL NATIONAL MORT ASSOC		09/25/2012	1,000,000.00	1,000,990.00	1,000,000.00	0.500	AA+	1.093	1,669	09/25/2017
3136G0F97	11065	FEDERAL NATIONAL MORT ASSOC		09/27/2012	1,000,000.00	1,001,610.00	1,000,000.00	0.500	AA+	1.179	1,671	09/27/2017
3136G06R7	11076	FEDERAL NATIONAL MORT ASSOC		11/28/2012	1,000,000.00	1,000,320.00	1,000,000.00	0.500	AA+	1.068	1,732	11/27/2017
Subtotal and Average			96,516,688.43		93,590,000.00	94,532,466.90	93,972,971.27			1.166	1,331	

Medium Term Notes

88579EAE5	10895	3M Company		07/20/2010	1,000,000.00	1,018,520.00	1,014,157.88	4.375	AA-	1.200	167	08/15/2013
06738KXV8	10989	Barclays Bank		10/28/2011	3,000,000.00	3,023,070.00	3,000,000.00	4.375	A+	3.287	1,337	10/28/2016
06366RHA6	11056	Bank of Montreal		09/11/2012	1,000,000.00	1,001,220.00	1,001,177.22	1.400	A+	1.373	1,655	09/11/2017
084664AD3	10714	Berkshire Hathaway		01/18/2008	1,000,000.00	1,025,500.00	1,001,768.59	4.625	AA+	4.300	228	10/15/2013
191216AN0	10924	COCA-COLA		11/22/2010	1,085,000.00	1,088,320.10	1,083,117.36	0.750	AA-	1.000	259	11/15/2013
36962G4T8	10925	General Electric		11/19/2010	1,000,000.00	1,036,230.00	988,497.56	2.250	AA+	2.710	983	11/09/2015
36962G4X9	10935	General Electric Capital Corp		01/10/2011	2,000,000.00	2,029,800.00	1,999,119.22	2.100	AA+	2.154	312	01/07/2014
36962G5N0	11011	General Electric Capital Corp		01/10/2012	2,000,000.00	2,121,000.00	2,002,314.62	2.900	AA+	2.868	1,410	01/09/2017
36962G5M2	11012	General Electric Capital Corp		01/10/2012	2,000,000.00	2,054,980.00	2,002,847.82	2.150	AA+	2.070	679	01/09/2015



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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Medium Term Notes												
36962G4N1	11024	General Electric Capital Corp		02/22/2012	2,000,000.00	2,007,300.00	1,983,795.04	1.060	AA+	1.433	893	08/11/2015
594918AB0	10821	MicroSoft Corp		08/17/2009	1,000,000.00	1,032,890.00	1,000,000.00	2.950	AAA	2.949	457	06/01/2014
89233P4H6	10945	Toyota Motor Credit Corp		02/23/2011	1,000,000.00	1,004,810.00	1,000,373.07	1.375	AAA-	1.290	164	08/12/2013
89233P5S1	11015	Toyota Motor Credit Corp		01/13/2012	1,000,000.00	1,035,270.00	1,003,293.86	2.050	AA-	1.960	1,413	01/12/2017
89233P5Z5	11023	Toyota Motor Credit Corp		02/17/2012	2,000,000.00	2,017,300.00	1,998,038.89	1.000	AA-	1.102	718	02/17/2015
89233P6C5	11036	Toyota Motor Credit Corp		05/01/2012	2,000,000.00	1,999,280.00	2,000,000.00	0.500	AA-	0.997	790	04/30/2015
931142CN1	10820	Wal-Mart Stores		08/14/2009	2,000,000.00	2,048,940.00	2,001,679.60	3.000	AA	2.902	339	02/03/2014
931142CT8	10928	Wal-Mart Stores		12/15/2010	1,000,000.00	1,042,170.00	1,000,819.68	2.250	AA	2.213	859	07/08/2015
Subtotal and Average			27,153,636.29		26,085,000.00	26,586,600.10	26,081,000.41			2.147	786	
Total and Average			163,915,482.24		167,261,152.38	168,722,155.25	167,640,124.06			1.087	897	



**CASH AND INVESTMENT PORTFOLIO SHARE (A)
AS OF FEBRUARY 28, 2013**

FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
General	45,497,529.70	45,584,397.04	27.14
Parks & Recr Facility & Open Space	4,140,711.06	4,146,056.71	2.47
State Gas Tax	12,187,437.02	12,210,959.03	7.27
Federal Housing, Community Dev	854,964.63	860,623.67	0.51
Street Lighting	33,528.02	27,060.00	0.02
Traffic Congestion Relief Act 2000 - AB2928	-	-	0.00
Proposition 1B	1,860,805.38	1,859,219.31	1.11
Police Asset Forfeiture	4,191,003.10	4,202,133.17	2.50
Drainage Improvement	16,764.01	19,444.47	0.01
Measure R Local Return	3,671,318.72	3,677,288.37	2.19
Government Cable	4,543,047.36	4,549,671.74	2.71
Local Return - Proposition C	3,922,778.90	3,931,615.75	2.34
TDA Article 3 Bicycle Fund	-	108.68	0.00
Grants/Donations	-	2,453.70 (B)	0.00
CDBG Fund	-	(511.33) (C)	0.00
Citizens Options for Public Safety (COPS) Grant Funds - AB3229	284,988.21	282,165.97	0.17
Seismic Education Fund	67,056.05	58,816.65	0.04
Rehabilitation Housing	687,324.51	686,334.73	0.41
Meadow Park Parking Lot	50,292.04	50,402.22	0.03
Police Inmate Welfare Fund	67,056.05	59,935.69	0.04
Capital Improvements	19,815,062.66	19,852,699.74	11.82
Geologic Hazard Abatement	16,764.01	14,316.64	0.01
El Camino Training Fund-Fire	134,112.10	136,718.70	0.08
El Camino Training Fund-Police	16,764.01	10,000.00	0.01
Vanpool/Rideshare Fund	16,764.01	23,160.17	0.01
Torrance Public Financing - 1998 COP Fire/Police	(16,764.01)	(9,215.00) (D)	(0.01)
Animal Control Fund	-	-	0.00
Successor Agency - Skypark Capital Project	-	-	0.00
Successor Agency - Downtown Capital Project	-	-	0.00
Successor Agency - Industrial Capital Project	-	-	0.00
Successor Agency - Low Mod Housing Capital Project	-	2,944.25	0.00
Successor Agency - Downtown Debt Service	16,764.01	16,176.85	0.01
Successor Agency - Skypark Debt Service	-	-	0.00
Successor Agency - Industrial Debt Service	150,876.11	150,321.07	0.09
Underground Storage Tank Fund	-	-	0.00
DNA Sampling Fund	83,820.06	83,460.00	0.05
Airport Fund	6,169,156.57	6,185,055.67	3.68
Transit Operations	8,801,106.51	8,817,991.13	5.25
Development Impact Fund	1,056,132.78	1,066,095.15	0.63
Water Operations	7,744,973.73	7,751,984.33	4.62
Emergency Medical Service Enterprise Fund	-	-	0.00
Sanitation Operations	(1,022,604.76)	(1,022,060.34) (E)	(0.61)
Cultural Arts Enterprise	16,764.01	12,147.97	0.01
Sewer Enterprise Fund	9,270,498.86	9,276,972.24	5.53
Parks & Recreation Enterprise Fund	(385,572.29)	(389,254.16) (F)	(0.23)
Self Insurance Fund	6,605,020.89	6,610,571.06	3.94
Fleet Services	16,596,372.28	16,615,225.20	9.90
Postemployment/Compensated Absences Fund	7,359,401.45	7,367,682.56	4.39
Trust & Agency	3,118,106.31	3,121,620.70	1.86
TOTAL	167,640,124.06	167,902,789.50	100.00

Account in Trust - RDA Successor Agency-Low Mod Housing

10,392.60 (G)

Redev Obligation Retirement Fund

1,718,849.43 (H)

- (A) The difference between the Share of Investments total of \$167,640,124.06 and the Pooled Cash and Investments total of \$167,902,789.50 is primarily due to outstanding warrants and adjusting journal entries. (See reconciliation schedule attached)
- (B) T-030 Del Amo Blvd. extension project - Federal Grant MTA pass thru has a negative cash balance of <\$760,792.51>. Department will submit a reimbursement request by March 31, 2013.
T-030 Del Amo Blvd. extension project - MTA Grant has a negative cash balance of <\$5,772.47>. Department will submit a reimbursement request when more expenses are accumulated.
T-131 Intersection Improvements - Measure R HW - MTA Grant has a negative cash balance of <-\$168,945.88>. Quarterly reimbursement request will be filed by April 30, 2013.
FEAP764 Torrance Transit Terminal project - Measure R HW-MTA Grant has a negative cash balance of <-\$162,480.01>. Quarterly reimbursement request will be filed by April 30, 2013.
- (C) I-135 Sidewalk Repair - County Grant has a negative cash balance of <\$512.33>. Department will submit a reimbursement request when more expenses are accumulated.
- (D) The reimbursement request from the Construction Fund for the Certificates of Participation Series 2004 A&B in the amount of \$9,215 will be submitted in March 2013.
- (E) Sanitation Operations Fund has a negative fund due to the purchase of green waste and refuse containers from Toter, Inc. for \$613,481 in May 2012 & \$500,176.05 in Sep 2012. We anticipate future revenues to cover this deficit.
- (F) Negative cash balance represents net losses from prior years.
- (G) The cash balance of RDA Successor Agency (SA) Low Mod Fund is in a separate bank account. On 8/14/12, Council approved a loan to SA Debt Services in the amount of \$3,192,500 for the payment of bond debt services due in September 2012 and March 2013. The loan will be paid off by future property tax increment distributions. On 12/7/12, there was a payment to County of Los Angeles Auditor-Controller in the amount of \$3,867,774 per DOF review letter on Low Mod Fund dated 12/3/2012.
- (H) The cash balance of Redev Obligation Retirement Fund is in a separate bank account.





City of Torrance
Investment Report
February 2013

**CASH AND INVESTMENTS RECONCILIATION
AS OF FEBRUARY 28, 2013**

INVESTMENTS PER PORTFOLIO SUMMARY (City Pool)		167,640,124.06
CASH AND INVESTMENTS PER BOOKS		167,902,789.50
CASH IN BANKS:		
Cash in B of A General Account		(998,344.21)
OUTSTANDING WARRANTS:		
General Account	1,190,670.08	
Payroll Account	46,216.77	
Workers Compensation Account	189,708.10	
		1,426,594.95
Miscellaneous outstanding adjusting journal entries		777,114.51
Housing Fund restricted cash		(1,468,030.69)
INVESTMENTS PER BOOKS		167,640,124.06

