Council Meeting of
February 4, 2014

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

Members of Council:

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

RECOMMENDATION

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

FUNDING

Not applicable

BACKGROUND

On December 17, 2013, Your Honorable Body, through passage of Resolution 2013-86, 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 is provided in 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
City Manager

CC: City Manager
City Clerk

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Investment Report Summary Notes for December 2013

Investment Activity during the Period

The investment activity for December included no purchases and 4 redemptions.

Redemptions

Issuer	PAR VALUE	TERM	RATE	YIELD	STATUS
Bank of India	245,000	1 year	.50%	.50%	Matured
Doral Bank	245,000	1 year	.55%	.55%	Matured
Mizuho Corp	245,000	1 year	.50%	.50%	Matured
FHLMC	1,000,000	3.5 years	1.00%	.99%	Called

The LAIF balance increased by $10.3 million and the average monthly yield was .264%. During the month of December we had 4 LAIF deposits and 5 withdrawals. The total portfolio increased by $8.5 million.

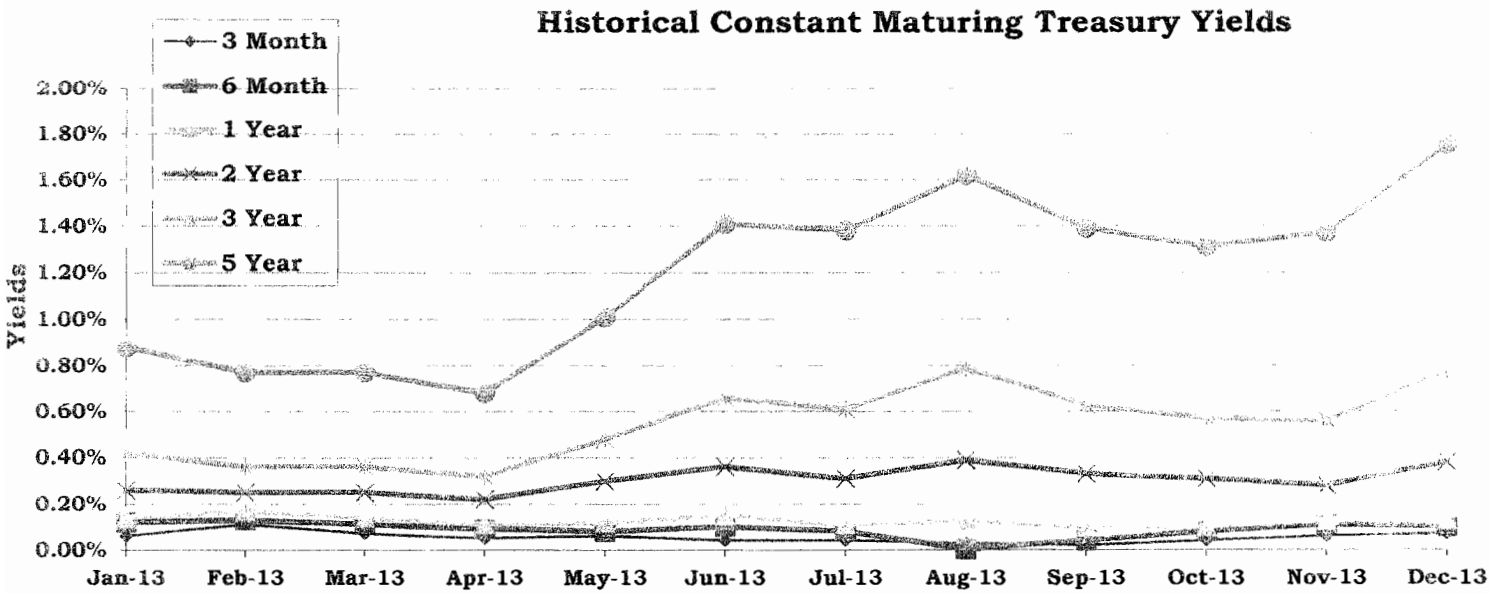
Liquidity of the Portfolio

- The current goal is to keep the portfolio at an average maturity between 2 to 3 years based on current economic trends. The goal was set between 2 to 3 years as a gauge to meet liquidity needs and in order to take advantage of rising interest rates. Average maturity is a moving target which is contingent upon the current state or conditions of the economy. The portfolio's current average maturity is 983 days or 2.69 years.
- The City is in compliance with California Government Code Section 53646 which requires local agency to report its ability to meet pooled expenditure requirements for the next six (6) months. Currently, our projected cash flows for the next six months show that anticipated inflows exceed outflows in the amount of $20.2 million excluding LAIF that has a projected average balance of $11 million for the same period.
- The goal is to keep an average $12-$17 million in liquid assets in order to meet operational needs and for any unexpected expenditures that may arise. During the second half of the fiscal year, per TRAN requirements, we set aside TRAN payments in January and May which increase our liquidity by the amount of these payments. For this fiscal year it is an additional $30 million dollars of which 50% is set aside in January and the remaining balance is set aside in May.

Investment Comparison to Benchmark

For the month of December the City's yield to maturity on pooled investments was 1.057%. The yield decreased 6 basis points or .06% from the previous month. The average effective rate of return for fiscal year-to-date is 1.16%. The average yield on the 3 year U.S. Constant Maturing Treasury (CMT) was .78% which reflects a significant increase of 22 basis points or .22% compared to the prior month. The portfolio performed above these benchmarks (CMT) by 28 basis points or .28%. As the economy improves and interest rates continue to slowly move upward we will see the spread between the portfolio performance and our benchmark contracts. Our portfolio is a buy and hold portfolio, and in an interest rising environment, we can expect that there will be periods where the portfolio will appear to underperform in relation to our bench mark. This is expected behavior for the portfolio as buy and hold portfolios tend to lag in catch-up to rising rates.

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



Prepared by the City Treasurer's Dept. for Investment Advisory Committee reference.

Investment Report Summary Notes for December 2013

Compliance

The City of Torrance Investment Policy is crafted using California Government Code §53600 as its foundation while integrating the City's conservative approach to investing by making the City's policy much more restrictive.
At the end of FY 2012-2013 the city's portfolio was in full compliance with the City's Investment Policy. During the month of July the portfolio size was reduced by about $30 million dollar which is normal as the City prepays its PERS contribution during this period. The portfolio overall was in compliance with the Investment Policy by sector but the shrinkage of the portfolio caused certain issuers to be above the permitted limits. Our investment policy, per Government code, only requires that purchases be in compliance at the time of purchase which they were. Details below reflect issuers above the allowed limits:

Federal Agency Issuer:		**Corporate Issuer:**
Federal Home Loan Mortgage Corporation = FHLMC		General Electric Capital Corporation = GECC
Allowed amount = 30% per Policy		Allowed amount per Policy = 5%
May 2013 is the date of the last purchase -23.50%		February 2012 date of the last purchase-4.64%
July 2013:	FHLMC – 31.28%	GECC – 5.75%
August 2013:	**Within Policy limit**	GECC – 5.38%
September 2013:	**Within Policy limit**	GECC – 5.33%
October 2013:	FHLMC – 30.79%	GECC – 5.56%
November 2013:	FHLMC – 30.71%	GECC – 5.80%
December 2013	**Within Policy limit**	GECC – 5.59%

During this period no new purchases were made with the identified issuers. The policy does not require that the portfolio be stored to the permitted limits as these purchases were made within policy. It is anticipated that as the portfolio size grows in the upcoming months this matter will correct itself. December shows the correction for FHLMC.

Forecast

There is much on the economic forefront. Tapering has started and the market has reacted. Interest rates have begun to show a rise. Although the Federal Open Market Committee has not changed rates on the short end of the yield curve, we have seen some of the effects of "Tapering" although restrained. The confirmation of Janet Yellen has calmed investors as she is seen as someone who will continue with Chairman Bernanke's philosophy. GDP has shown to continue to grow, even if, at a moderate pace. Europe is still a concern but for now it sits in the very back of everyone's mind. It is anticipated that more "Tapering" is on the horizon and that the FOMC will probably not make a change to short term interest rates until about mid to late 2015. But not withstanding this, rates will be on an upward rollercoaster ride as these pending changes are absorbed by the market.

CITY of TORRANCE
Monthly Investment Portfolio Report
December 31, 2013

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Investment Report
December 2013

Investment Portfolio Highlights

RETURN	Current Month	Previous Month
Average City Portfolio YTM	1.057%	1.113%
Average U.S. Treasury Constant Maturity - 3 year	0.780%	0.560%
LAIF Average Monthly Return	0.264%	0.263%
Average City Portfolio YTM - 1 year prior	1.267%	1.333%
INTEREST INCOME	Current Period	Prior Year
Fiscal year to date	$838,930	$979,399
Current month	$125,567	$150,558
MATURITY	Current Month	Prior Month
Average Maturity (days)	983	1077
Average Maturity 1 Year Prior (days)	1034	1084
Weighted Average Maturity (years)	2.69	2.95
VOLUMES	Total $ Volume	# of Transactions
Purchases	$18,848,983	4
Maturities/Redemptions	$10,298,983	9

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Portfolio Activity Summary

Month End	Year	Number of Securities	Average Balance	Yield to Maturity 360	Yield to Maturity 365	Managed Pool Rate	Investments Purchased	Investments Redeemed	Average Term	Average Days to Mat
December	2012	102	140,618,535.89	1.249	1.266	0.326%	5	6	1,392	1,034
January	2013	105	152,968,256.16	1.141	1.157	0.300%	6	3	1,272	946
February	2013	103	163,915,502.52	1.071	1.086	0.286%	2	4	1,199	897
March	2013	103	162,544,755.27	1.088	1.103	0.285%	3	3	1,228	895
April	2013	101	163,304,432.84	0.968	0.981	0.264%	6	8	1,120	822
May	2013	106	176,251,178.31	0.903	0.916	0.245%	9	4	1,081	800
June	2013	107	179,938,768.77	0.956	0.969	0.244%	2	0	1,199	885
July	2013	103	145,319,168.79	1.068	1.083	0.267%	1	4	1,441	1,059
August	2013	101	143,718,235.33	1.003	1.017	0.271%	0	2	1,333	963
September	2013	97	147,018,331.76	0.988	1.002	0.257%	0	4	1,314	930
October	2013	102	148,793,736.36	1.073	1.088	0.266%	7	2	1,475	1,059
November	2013	101	139,220,177.47	1.098	1.113	0.263%	1	2	1,513	1,077
December	2013	97	139,854,277.57	1.043	1.057	0.264%	0	4	1,414	983
	Average	**102**	**154,005,550.13**	**1.050%**	**1.064%**	**0.272%**	**3**	**4**	**1,306**	**950**

Investment Report
December 2013

Investment Portfolio Summary

	Book Value	% of Portfolio (BV)	Market Value	% of Portfolio (MV)	% per Policy	Modified Duration	Days to Maturity (BV)	Maximum Term	YTM
Local Agency Investment Fund (State of California)	**$16,400,000**	**11.21%**	**$16,400,000**	**11.27%**	**$50Mil**	**0.00%**	**1**	**N/A**	**0.264%**
Union Bank Custodial - Money Market Account (For Pending Purchases/Interest)	**$0**	**0.00%**	**$0**	**0.00%**	**100%**	**0.00%**	**1**	**N/A**	**0.001%**
Negotiable Certificates of Deposit	**$6,370,000**	**4.35%**	**$6,356,111**	**4.37%**	**20%**	**2.50%**	**936**	**5 Years**	**0.564%**
Federal Agency Issues	**$100,442,504**	**68.66%**	**$99,473,125**	**68.36%**	**75%**	**3.13%**	**1204**	**5 Year**	**0.962%**
Farmer Mac	$14,499,630	9.91%	$14,263,410	9.80%	30%	3.85%	1456	5 Year	1.125%
Federal Farm Credit Bank	$16,617,186	11.36%	$16,635,855	11.43%	30%	2.62%	987	5 Year	1.269%
Federal Home Loan Bank	$18,034,851	12.33%	$17,752,940	12.20%	30%	3.37%	1328	5 Year	0.941%
Federal Home Loan Mortgage Corporation	$41,273,396	28.22%	$40,972,840	28.16%	30%	2.85%	1102	5 Year	0.793%
Federal National Mortgage Association	$10,017,442	6.85%	$9,848,080	6.77%	30%	3.72%	1387	5 Year	0.946%
U.S. Treasury Securities	**$0**				**100%**			**5 Year**	
Medium Term Notes	**$23,068,304**	**15.77%**	**$23,285,887**	**16.00%**	**20%**	**1.93%**	**731**	**5 Year**	**2.174%**
3m	$1,085,015	0.74%	$1,066,327	0.73%	5%	3.41%	1272	5 Year	0.864%
Barclay	$3,000,000	2.05%	$3,035,550	2.09%	5%	2.71%	1031	5 Year	3.287%
Bank of Montreal	$1,000,961	0.68%	$984,510	0.68%	5%	3.56%	1349	5 Year	1.373%
Colgate Palmolive Co.	$1,995,418	1.36%	$1,951,820	1.34%	5%	4.61%	1765	5 Year	1.599%
General Electric	$992,062	0.68%	$1,030,610	0.71%	5%	1.82%	677	5 Year	2.710%
General Electric Capital Corp	$7,992,702	5.46% *	$8,140,180	5.59% *	5%	1.38%	517	5 Year	2.126%
MicroSoft Corp	$1,000,000	0.68%	$1,010,490	0.69%	5%	0.41%	151	5 Year	2.949%
Toyota Motor Center Corp	$3,001,456	2.05%	$3,035,530	2.09%	5%	1.72%	644	5 Year	1.389%
Wal-Mart Stores	$3,000,691	2.05%	$3,030,870	2.08%	5%	0.56%	206	5 Year	2.672%
Total Investments	**$146,280,809**	**100.00%**	**$145,515,124**	**100.00%**		**2.56%**	**983**		**1.057%**
Cash In Bank - General	**$1,363,816**						**Earnings Credit**		**0.250%**
Cash In Bank - Housing	**$1,605,705**						**Earnings Credit**		**0.250%**
Total Funds	**$149,250,330**								

* Portfolio Notes: Section 53601 of the California Government Code which is the foundation of our Statement of Investment Policy states that " Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase" These two investments were in compliance at the time of purchase.

Effective Rate of Return	
Month Ending	**Fiscal YTD**
1.06%	**1.16%**

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 2013-86 on December 17, 2013, per California Government Code §53601 A copy of this policy is available at the office of the City Clerk.

Dana Cortez - City Treasurer

Shiela Abalayan - Deputy City Treasurer

Investment Report
December 2013

Portfolio Monthly Activity Detail

Investment Number.	BROKER	PURCHASE DATE	DESCRIPTION	QUALITY RATING	MATURITY DATE	DAYS HELD/ DAYS TO MATURITY	RATE	YIELD	PAR VALUE	Book Value	MARKET VALUE
PURCHASES											
MATURITIES/CALLS/SALES											
11080	Wedbush	12/05/2012	Bank of India	FDIC	12/04/2013	364/364	0.500%	0.500%	245,000	245,000	245,000
11077	Vining Sparks	12/07/2012	Doral Bank	FDIC	12/06/2013	364/364	0.550%	0.550%	245,000	245,000	245,000
11078	Vining Sparks	12/12/2012	Mizuho Corp USA	FDIC	12/12/2013	365/365	0.500%	0.500%	245,000	245,000	245,000
11003	Citigroup	12/30/2011	FHLMC	AA+/Aaa	06/30/2015	731/1278	1.000%	0.999%	1,000,000	1,000,000	1,000,000
								0.794%	**1,735,000**	**1,735,000**	**1,735,000**

State of California Local Agency Pool	Beginning Balance	Rate	Yield	Deposits	Withdrawals	Interest Earned	Ending Balance
City	6,100,000	0.264%	0.264%	17,000,000	6,700,000		16,400,000
TRAN Repayment							
	$6,100,000			**$17,000,000**	**$6,700,000**	**$ -**	**16,400,000**

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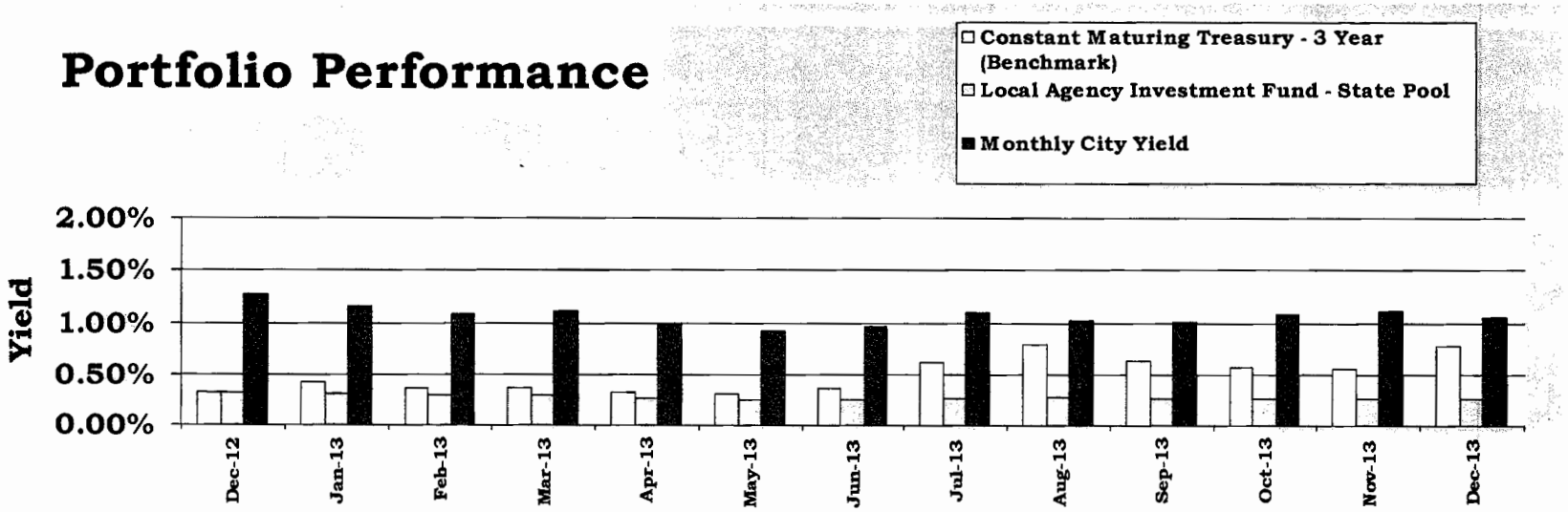
Investment Report
December 2013

Portfolio Performance

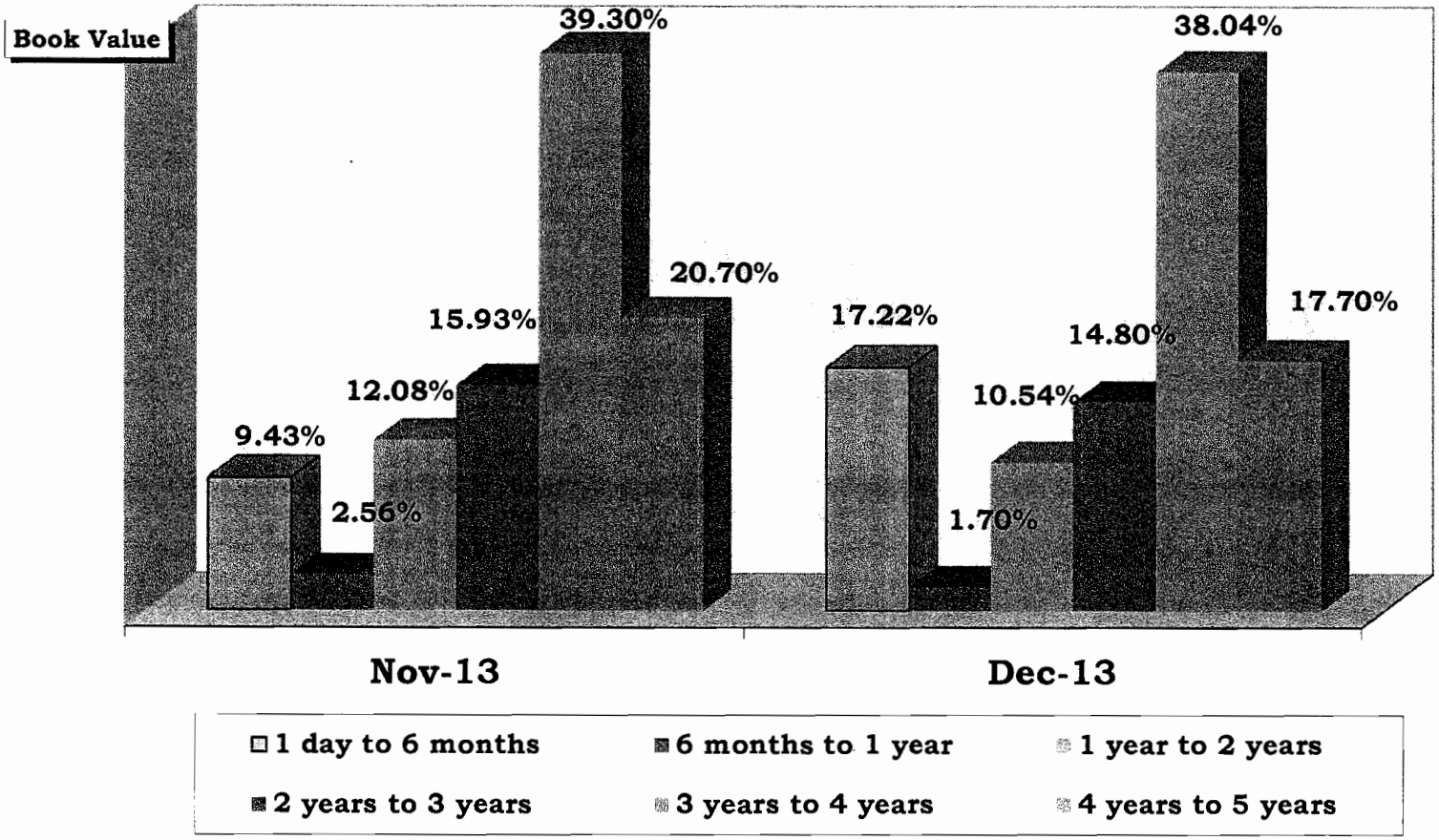


Portfolio Earnings Summary

	December 31, 2013	Fiscal Year to Date
CD/Coupon/Discount Investments:		
Interest Collected	$113,977.05	$1,030,002.91
Plus Interest at End of Period	$633,384.43	$633,384.42
Less Accrued Interest at Beginning of Period	($576,502.88)	($598,102.52)
Interest Earned	**$170,858.60**	**$1,065,284.81**
Adjusted By Premium	($47,124.83)	($313,044.85)
Adjusted by Capital	$0.00	$70,290.08
Earnings during	**$123,733.77**	**$822,530.04**
Cash/Checking Accounts:		
Interest Collected	$5.99	$35,441.60
Plus Accrued Interest at End of Period	$7,055.97	$7,055.97
Less Interest at Beginning of Period	($5,228.60)	($26,096.69)
Interest Earned	**$1,833.36**	**$16,400.88**
Total Interest Earned	**$172,691.96**	**$1,081,685.69**
Total Adjustments from Premium and Discounts	($47,124.83)	($313,044.85)
Total Capital Gains or Loss	$0.00	$70,290.08
Total Earnings this Period	**$125,567.13**	**$838,930.92**

Investment Report
December 2013

Maturity Distribution

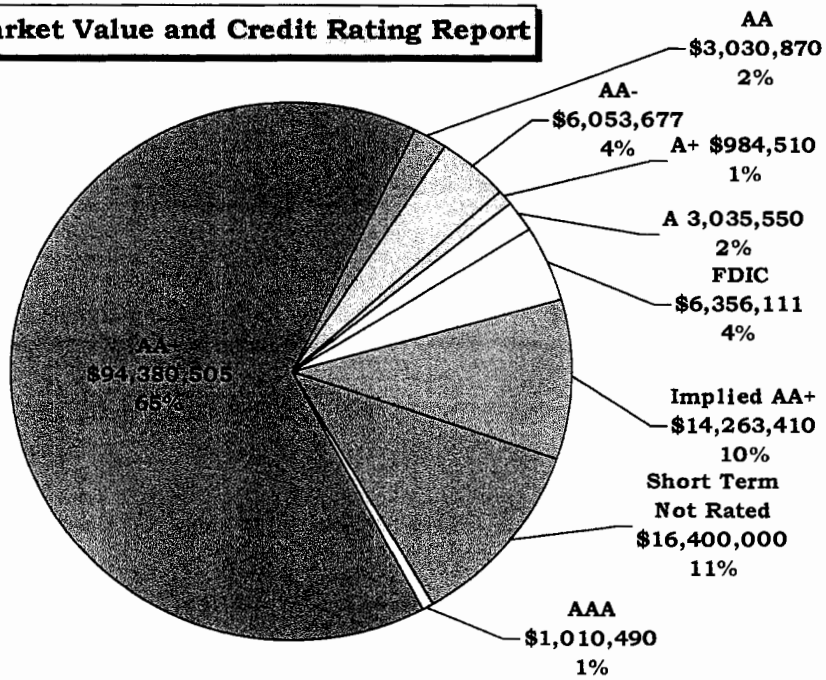


NOTE:*SB 564 passed in 1995, effective February 1, 1996, requires that local agencies submit a quarterly report to the legislative body containing detailed information on all securities, investments, and monies of the local agency. It also requires a statement of compliance of the portfolio with the 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.

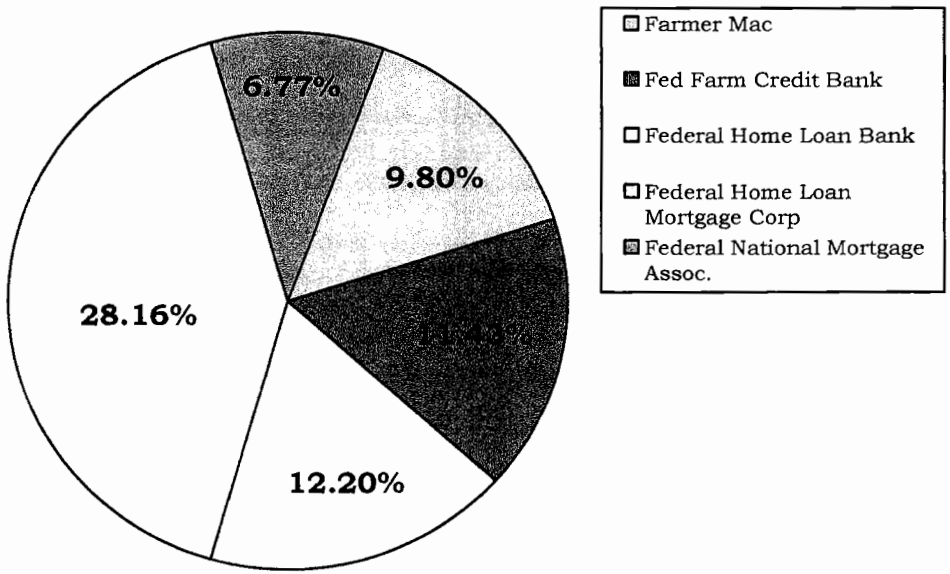
Investment Report
December 2013

Portfolio Distribution

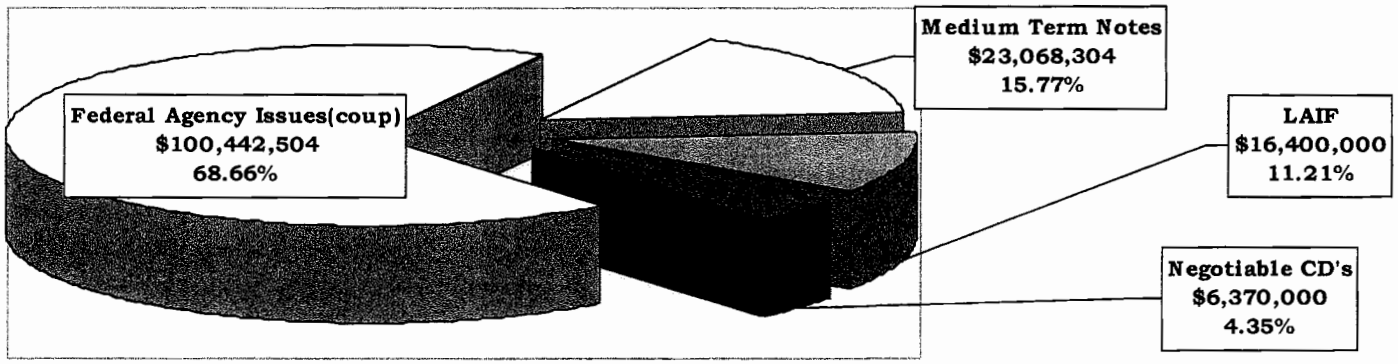
Market Value and Credit Rating Report



Federal Agencies Distribution (MV)



Portfolio Sectors (Book Value)



Investment Report

December 2013

Value of Portfolio per GASB 31

	Beginning Investment Value as of July 1, 2013	Purchase/Redemption of Principal	Change in Market Value	Ending Investment Value as of December 31, 2013
Federal Agency (Coupon)	$105,287,920	($5,621,890)	($192,905)	$99,473,125
U.S. Treasury Securities	$0	$0	$0	$0
Negotiable Certificate Deposits	$6,843,933	($490,000)	$2,179	$6,356,111
Medium Term Notes	$25,441,688	($2,089,740)	($66,061)	$23,285,887
Municipal Bonds	$0	$0	$0	$0
SUBTOTAL PER GASB 31	**$137,573,541**	**($8,201,630)**	**($256,788)**	**$129,115,123**
Non-GASB				
Local Agency Investment Funds	$40,100,000	($23,700,000)	$0	$16,400,000
Money Market	$0	$0	$0	$0
Federal Agency – Disc.	$0	$0	$0	$0
Treasury Security – Disc.	$0	$0	$0	$0
Certificate of Deposits -Disc.	$0	$0	$0	$0
Commercial paper	$0	$0	$0	$0
TOTAL PORTFOLIO	**$177,673,541**	**($31,901,630)**	**($256,788)**	**$145,515,123**

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 worse case scenario of liquidity in our portfolio. The philosophy of the city is to buy and hold to maturity.

GASB31 requires Governmental entities, including governmental external investment pools, should report investments at fair value in the balance sheet (or other statement of financial position). Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

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Reviewed by the Investment Advisory Committee:

City Treasurer - Dana Cortez

City Manager - LeRoy Jackson

City Attorney - John Fellows III

Finance Director - Eric Tsao

Deputy City Treasurer - Sheila Abalayan

Monthly Investment Reports
Portfolio Management
Portfolio Details - Investments
December 31, 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			16,400,000.00	16,400,000.00	16,400,000.00	0.264		0.264	1	
SYS1000a	1000A	LAIF - TRANS FUNDS		07/01/2013	0.00	0.00	0.00	0.264		0.264	1	
		Subtotal and Average	**8,203,225.81**		**16,400,000.00**	**16,400,000.00**	**16,400,000.00**			**0.264**	**1**	
Money Market Sweep Account												
316175108S	1000	Union Bank of California			0.00	0.00	0.00	0.001		0.001	1	
		Subtotal and Average	**662,564.80**		**0.00**	**0.00**	**0.00**			**0.000**	**0**	
Negotiable CD's												
33764JHM0	11052	First Bank of Puerto Rico		08/01/2012	245,000.00	246,457.75	245,000.00	1.250	FDIC	1.251	943	08/01/2016
330459AE8	11110	1st National Bank Kentucky		10/03/2013	245,000.00	244,620.25	245,000.00	0.900	FDIC	0.000	1,006	10/03/2016
332135FA5	11069	First National Bank of Omaha		10/10/2012	245,000.00	245,036.75	245,000.00	0.550	FDIC	0.550	99	04/10/2014
02005QN90	11044	Ally Bank		08/01/2012	245,000.00	246,435.70	245,000.00	1.150	FDIC	1.150	579	08/03/2015
02587DLD8	11070	American Express Cent		10/04/2012	245,000.00	245,320.95	245,000.00	1.550	FDIC	1.550	1,372	10/04/2017
037830NA0	11047	Apple Bank Savings		08/01/2012	245,000.00	245,014.70	245,000.00	0.500	FDIC	0.500	33	02/03/2014
06740AYC7	11090	Barclays Bank		03/12/2013	245,000.00	241,015.08	245,000.00	1.000	FDIC	0.000	1,531	03/12/2018
06426NGR7	11068	Bank of China		09/26/2012	245,000.00	245,622.30	245,000.00	0.650	FDIC	0.650	268	09/26/2014
05568PZ91	11073	BMW Bank of North America		11/02/2012	245,000.00	245,994.70	245,000.00	0.950	FDIC	0.000	670	11/02/2015
060624XH1	11091	Bank of Baroda		03/08/2013	245,000.00	240,839.90	245,000.00	1.250	FDIC	0.000	1,527	03/08/2018
149159HR9	11094	Cathay Bank		04/12/2013	245,000.00	240,423.40	245,000.00	1.000	FDIC	1.001	1,562	04/12/2018
17284CBZ6	11093	CIT BANK		04/17/2013	245,000.00	240,288.65	245,000.00	1.150	FDIC	0.000	1,567	04/17/2018
20033AAU0	11084	Comenity Capital Bank		01/18/2013	245,000.00	244,267.45	245,000.00	0.750	FDIC	0.750	1,113	01/18/2017
254671GK0	11058	Discover Bank		09/19/2012	245,000.00	246,327.90	245,000.00	1.250	FDIC	1.250	992	09/19/2016
29976DNQ9	11059	EverBank		09/14/2012	245,000.00	246,354.85	245,000.00	0.900	FDIC	0.900	987	09/14/2016
307660HE3	11113	Farm Bureau Bank		10/15/2013	245,000.00	244,556.55	245,000.00	0.900	FDIC	0.000	1,017	10/14/2016
36160XN52	11051	GE Capital Bank		08/03/2012	245,000.00	246,234.80	245,000.00	1.150	FDIC	1.150	579	08/03/2015
36157PSB6	11111	GE Money bank		10/04/2013	245,000.00	244,644.75	245,000.00	1.200	FDIC	0.000	1,007	10/04/2016
38143AXS9	11045	Goldman Sachs Bank		08/01/2012	245,000.00	246,465.10	245,000.00	1.200	FDIC	1.200	579	08/03/2015
48124JRY6	11085	JPMORGAN		01/28/2013	245,000.00	243,022.12	245,000.00	0.750	FDIC	0.000	1,488	01/28/2018
74267GTZ0	11112	Private Bank & Trust Co		10/04/2013	245,000.00	244,419.35	245,000.00	1.000	FDIC	0.000	1,007	10/04/2016
786580X96	11043	Safra National Bank		07/31/2012	245,000.00	246,484.70	245,000.00	0.800	FDIC	0.800	576	07/31/2015
795450NT8	11053	Sallie Mae Bank		08/08/2012	245,000.00	246,423.45	245,000.00	1.100	FDIC	1.100	586	08/10/2015
84603M2H8	11046	Sovereign Bank		08/01/2012	245,000.00	245,573.30	245,000.00	0.850	FDIC	0.850	212	08/01/2014
856283UK0	11098	STATE BANK of INDIA		05/14/2013	245,000.00	240,011.80	245,000.00	1.150	FDIC	0.000	1,594	05/14/2018
94768NJD7	11081	Webster Bank		12/12/2012	245,000.00	244,255.20	245,000.00	1.000	FDIC	0.000	1,441	12/12/2017

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		Subtotal and Average	6,520,161.29		6,370,000.00	6,356,111.45	6,370,000.00			0.564	936	
Federal Agency Issues - Coupon												
31315PXK0	11071	FARMER MAC		10/25/2012	2,000,000.00	1,976,260.00	2,000,000.00	0.650		1.053	1,393	10/25/2017
31315PWE5	11083	FARMER MAC		01/08/2013	3,000,000.00	2,931,210.00	2,999,985.42	0.930		0.935	1,468	01/08/2018
31315PNZ8	11086	FARMER MAC		01/30/2013	2,000,000.00	1,957,680.00	2,000,979.33	1.050		1.038	1,490	01/30/2018
31315PXM6	11097	FARMER MAC		05/02/2013	2,000,000.00	1,933,040.00	1,999,132.78	0.850		0.860	1,582	05/02/2018
31315PXF1	11099	FARMER MAC		05/02/2013	2,000,000.00	1,993,640.00	1,999,532.78	0.400		0.410	852	05/02/2016
31315P6A2	11115	FARMER MAC		10/04/2013	3,500,000.00	3,471,580.00	3,500,000.00	1.940		1.940	1,736	10/03/2018
31331XWW8	10879	FEDERAL FARM CREDIT BANK		05/05/2010	500,000.00	507,605.00	504,235.54	5.000	AA+	2.192	114	04/25/2014
31331JQ55	10907	FEDERAL FARM CREDIT BANK		10/06/2010	1,000,000.00	1,007,440.00	1,000,000.00	1.150	AA+	1.150	278	10/06/2014
31331KCK4	10942	FEDERAL FARM CREDIT BANK		02/17/2011	1,000,000.00	1,020,190.00	1,000,000.00	2.030	AA+	2.030	412	02/17/2015
31331VPV2	10954	FEDERAL FARM CREDIT BANK		04/01/2011	2,000,000.00	2,198,380.00	2,112,950.00	4.950	AA+	2.280	821	04/01/2016
31331KGN4	10955	FEDERAL FARM CREDIT BANK		04/07/2011	1,000,000.00	1,003,350.00	1,000,000.00	1.400	AA+	1.400	96	04/07/2014
3133EAA81	11041	FEDERAL FARM CREDIT BANK		07/30/2012	1,000,000.00	994,230.00	1,000,000.00	0.780	AA+	0.780	1,125	01/30/2017
3133EAX29	11060	FEDERAL FARM CREDIT BANK		09/18/2012	1,000,000.00	986,920.00	1,000,000.00	0.980	AA+	0.980	1,356	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	635	09/28/2015
3133EA2H0	11067	FEDERAL FARM CREDIT BANK		10/01/2012	1,000,000.00	1,000,020.00	1,000,000.00	0.440	AA+	0.440	638	10/01/2015
3133EC5A8	11075	FEDERAL FARM CREDIT BANK		11/28/2012	2,000,000.00	1,957,220.00	2,000,000.00	0.870	AA+	0.870	1,426	11/27/2017
3133ECE26	11087	FEDERAL FARM CREDIT BANK		01/30/2013	1,000,000.00	977,970.00	1,000,000.00	0.940	AA+	1.022	1,490	01/30/2018
3133ED3Z3	11109	FEDERAL FARM CREDIT BANK		10/04/2013	3,000,000.00	2,992,050.00	3,000,000.00	1.230	AA+	1.230	1,372	10/04/2017
3133ED4Q2	11114	FEDERAL FARM CREDIT BANK		10/11/2013	1,000,000.00	990,450.00	1,000,000.00	1.480	AA+	1.480	1,622	06/11/2018
313373RC8	10956	FEDERAL HOME LOAN BANK		05/16/2011	1,000,000.00	1,006,350.00	1,000,488.99	1.250	AA+	1.164	210	07/30/2014
313376Q99	11007	FEDERAL HOME LOAN BANK		01/13/2012	2,000,000.00	2,000,600.00	2,000,000.00	1.125	AA+	1.125	1,108	01/13/2017
313378W56	11037	FEDERAL HOME LOAN BANK		04/30/2012	2,000,000.00	2,010,500.00	2,000,000.00	2.000	AA+	1.425	1,209	04/24/2017
313370TW8	11040	FEDERAL HOME LOAN BANK		07/25/2012	1,000,000.00	1,033,640.00	1,036,573.96	2.000	AA+	0.620	982	09/09/2016
313380P92	11055	FEDERAL HOME LOAN BANK		09/26/2012	1,000,000.00	984,320.00	1,000,000.00	1.000	AA+	1.000	1,364	09/26/2017
313380MF1	11057	FEDERAL HOME LOAN BANK		09/18/2012	1,000,000.00	984,620.00	1,000,000.00	1.000	AA+	1.005	1,356	09/18/2017
3133824S9	11089	FEDERAL HOME LOAN BANK		02/27/2013	1,000,000.00	979,980.00	1,000,000.00	1.100	AA+	1.100	1,518	02/27/2018
313383AA9	11105	FEDERAL HOME LOAN BANK		06/12/2013	4,000,000.00	3,878,120.00	4,000,000.00	1.000	AA+	1.000	1,623	06/12/2018
3133837E5	11106	FEDERAL HOME LOAN BANK		06/06/2013	4,000,000.00	3,878,200.00	4,000,000.00	0.625	AA+	0.625	1,617	06/06/2018
3133834R9	11108	FEDERAL HOME LOAN BANK		05/24/2013	1,000,000.00	996,610.00	997,787.61	0.375	AA+	0.465	905	06/24/2016
3134G3GM6	11009	FEDERAL HOME LOAN MORTGAGE CO		01/13/2012	1,000,000.00	1,002,250.00	1,000,000.00	1.300	AA+	1.300	1,108	01/13/2017
3134G3GX2	11010	FEDERAL HOME LOAN MORTGAGE CO		01/13/2012	2,000,000.00	2,000,560.00	2,000,000.00	1.400	AA+	1.400	1,108	01/13/2017
3137EADC0	11017	FEDERAL HOME LOAN MORTGAGE CO		01/30/2012	1,000,000.00	1,001,630.00	997,815.83	1.000	AA+	1.071	1,162	03/08/2017
3134G3MR8	11018	FEDERAL HOME LOAN MORTGAGE CO		02/13/2012	1,000,000.00	1,000,530.00	1,000,000.00	0.550	AA+	0.550	408	02/13/2015
3134G3NA4	11019	FEDERAL HOME LOAN MORTGAGE CO		02/28/2012	3,000,000.00	3,002,760.00	3,000,000.00	0.750	AA+	0.750	1,154	02/28/2017

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Federal Agency Issues - Coupon												
3134G3MX5	11021	FEDERAL HOME LOAN MORTGAGE CO		02/24/2012	1,000,000.00	1,000,900.00	1,000,000.00	0.800	AA+	0.800	784	02/24/2016
3134G3NA4	11022	FEDERAL HOME LOAN MORTGAGE CO		02/28/2012	2,000,000.00	2,001,840.00	2,000,000.00	0.750	AA+	1.313	1,154	02/28/2017
3134G3MT4	11026	FEDERAL HOME LOAN MORTGAGE CO		02/24/2012	2,000,000.00	1,998,040.00	2,000,000.00	1.125	AA+	1.125	1,150	02/24/2017
3134G3SD3	11027	FEDERAL HOME LOAN MORTGAGE CO		03/28/2012	2,000,000.00	2,002,820.00	2,000,000.00	0.750	AA+	0.750	635	09/28/2015
3137EACT4	11034	FEDERAL HOME LOAN MORTGAGE CO		04/26/2012	1,000,000.00	1,046,590.00	1,039,903.11	2.500	AA+	0.810	877	05/27/2016
3134G3WD8	11039	FEDERAL HOME LOAN MORTGAGE CO		06/12/2012	2,000,000.00	1,998,840.00	2,000,000.00	1.250	AA+	1.250	1,258	06/12/2017
3134G32L3	11079	FEDERAL HOME LOAN MORTGAGE CO		12/26/2012	2,000,000.00	1,944,400.00	2,000,000.00	0.850	AA+	0.850	1,455	12/26/2017
3134G33B4	11082	FEDERAL HOME LOAN MORTGAGE CO		01/11/2013	1,000,000.00	978,610.00	1,000,000.00	1.000	AA+	1.000	1,471	01/11/2018
3137EADJ5	11095	FEDERAL HOME LOAN MORTGAGE CO		04/23/2013	3,000,000.00	2,981,040.00	3,035,893.47	1.000	AA+	0.660	1,304	07/28/2017
3137EAAG4	11096	FEDERAL HOME LOAN MORTGAGE CO		04/26/2013	5,000,000.00	5,609,950.00	5,641,939.46	5.500	AA+	0.420	929	07/18/2016
3137EADH9	11101	FEDERAL HOME LOAN MORTGAGE CO		05/13/2013	5,000,000.00	4,970,000.00	5,047,746.43	1.000	AA+	0.722	1,275	06/29/2017
3134G44N5	11102	FEDERAL HOME LOAN MORTGAGE CO		05/28/2013	2,000,000.00	1,944,120.00	2,000,000.00	0.750	AA+	0.750	1,427	11/28/2017
3137EAAG4	11107	FEDERAL HOME LOAN MORTGAGE CO		05/22/2013	4,000,000.00	4,487,960.00	4,510,097.39	5.500	AA+	0.452	929	07/18/2016
3136G0VA6	11050	FEDERAL NATIONAL MORT ASSOC		08/14/2012	1,000,000.00	989,390.00	1,000,000.00	0.750	AA+	1.226	1,321	08/14/2017
3136G0D57	11054	FEDERAL NATIONAL MORT ASSOC		09/27/2012	1,000,000.00	992,090.00	1,000,000.00	0.750	AA+	1.240	1,365	09/27/2017
3136G0D24	11061	FEDERAL NATIONAL MORT ASSOC		09/25/2012	1,000,000.00	988,390.00	1,000,000.00	0.500	AA+	1.093	1,363	09/25/2017
3136G0F97	11065	FEDERAL NATIONAL MORT ASSOC		09/27/2012	1,000,000.00	991,860.00	1,000,000.00	0.750	AA+	1.179	1,365	09/27/2017
3136G06R7	11076	FEDERAL NATIONAL MORT ASSOC		11/28/2012	1,000,000.00	989,400.00	1,000,000.00	0.625	AA+	1.068	1,426	11/27/2017
3135G0PQ0	11100	FEDERAL NATIONAL MORT ASSOC		04/26/2013	3,000,000.00	2,948,970.00	3,017,442.13	0.875	AA+	0.720	1,394	10/26/2017
3136G1LZ0	11103	FEDERAL NATIONAL MORT ASSOC		05/28/2013	2,000,000.00	1,947,980.00	2,000,000.00	0.750	AA+	0.750	1,427	11/28/2017
		Subtotal and Average	**101,400,309.64**		**99,000,000.00**	**99,473,125.00**	**100,442,504.23**			**0.962**	**1,204**	
Medium Term Notes												
88579YAE1	11104	3M Company		05/23/2013	1,080,000.00	1,066,327.20	1,085,014.89	1.000	AA-	0.864	1,272	06/26/2017
06738KXV8	10989	Barclays Bank		10/28/2011	3,000,000.00	3,035,550.00	3,000,000.00	2.500	A	3.287	1,031	10/28/2016
06366RHA6	11056	Bank of Montreal		09/11/2012	1,000,000.00	984,510.00	1,000,960.56	1.400	A+	1.373	1,349	09/11/2017
19416QED8	11116	Colgate Palmolive Co		11/01/2013	2,000,000.00	1,951,820.00	1,995,418.00	1.549	AA-	1.599	1,765	11/01/2018
36962G4T8	10925	General Electric		11/19/2010	1,000,000.00	1,030,610.00	992,062.37	2.250	AA+	2.710	677	11/09/2015
36962G4X9	10935	General Electric Capital Corp		01/10/2011	2,000,000.00	2,000,380.00	1,999,982.73	2.100	AA+	2.154	6	01/07/2014
36962G5N0	11011	General Electric Capital Corp		01/10/2012	2,000,000.00	2,087,940.00	2,001,814.34	2.900	AA+	2.868	1,104	01/09/2017
36962G5M2	11012	General Electric Capital Corp		01/10/2012	2,000,000.00	2,036,620.00	2,001,568.86	2.150	AA+	2.070	373	01/09/2015
36962G4N1	11024	General Electric Capital Corp		02/22/2012	2,000,000.00	2,015,240.00	1,989,335.70	0.993	AA+	1.389	587	08/11/2015
594918AB0	10821	MicroSoft Corp		08/17/2009	1,000,000.00	1,010,490.00	1,000,000.00	2.950	AAA	2.949	151	06/01/2014
89233P5S1	11015	Toyota Motor Credit Corp		01/13/2012	1,000,000.00	1,021,990.00	1,002,583.47	2.050	AA-	1.960	1,107	01/12/2017
89233P5Z5	11023	Toyota Motor Credit Corp		02/17/2012	2,000,000.00	2,013,540.00	1,998,872.22	1.000	AA-	1.102	412	02/17/2015
931142CN1	10820	Wal-Mart Stores		08/14/2009	2,000,000.00	2,004,420.00	2,000,161.89	3.000	AA	2.902	33	02/03/2014

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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												
931142CT8	10928	Wal-Mart Stores		12/15/2010	1,000,000.00	1,026,450.00	1,000,529.35	2.250	AA	2.213	553	07/08/2015
		Subtotal and Average	**23,068,016.03**		**23,080,000.00**	**23,285,887.20**	**23,068,304.38**			**2.174**	**731**	
		Total and Average	**139,854,277.57**		**144,850,000.00**	**145,515,123.65**	**146,280,808.61**			**1.057**	**983**	

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Portfolio Details - Cash
December 31, 2013

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity
		Average Balance	0.00	Accrued Interest at Purchase		188.61	188.61				0
				Subtotal		188.61	188.61				
		Total Cash and Investments	139,854,277.57		144,850,000.00	145,515,312.26	146,280,997.22			1.057	983

CITY OF TORRANCE FISCAL AGENT FOR SUCCESSOR RDA
RESTRICTED CASH BALANCE REPORT
December 31, 2013

		Book Value
Bank of America City of Torrance Successor RDA Agency Account # xx-046		209,155.18
Bank of America City of Torrance Successor RDA Agency - Low Mod Account # xx-140		-
Local Agency Investment Fund (LAIF) City of Torrance Successor RDA Agency Account# -xx-3001		777.25
TOTAL	**$**	**209,932.43**

City of Torrance
Investment Report
December 2013

CASH AND INVESTMENTS PER BOOKS
AS OF DECEMBER 31, 2013 (PRE-CLOSE)

FUND	CASH & INVESTMENTS PER BOOKS	PERCENT OF TOTAL
General	19,893,065.03	13.57
Parks & Recr Facility & Open Space	3,984,239.84	2.72
State Gas Tax	13,607,649.62	9.29
Federal Housing, Community Dev	627,289.46	0.43
Street Lighting	27,060.00	0.02
Traffic Congestion Relief Act 2000 - AB2928	-	0
Proposition 1B	1,678,784.84	1.15
Police Asset Forfeiture	3,506,660.08	2.39
Drainage Improvement	19,444.47	0.01
Measure R Local Return	4,677,612.34	3.19
Government Cable	4,598,586.04	3.14
Local Return - Proposition C	3,650,070.14	2.49
TDA Article 3 Bicycle Fund	228,744.01	0.16
Grants/Donations	(74,659.59) (A)	-0.05
CDBG Fund	(113,347.32) (B)	-0.08
Citizens Options for Public Safety (COPS) Grant Funds - AB3229	222,588.85	0.15
Seismic Education Fund	62,970.04	0.04
Rehabilitation Housing	706,334.73	0.48
Meadow Park Parking Lot	46,532.23	0.03
Police Inmate Welfare Fund	55,200.75	0.04
Capital Improvements	17,118,708.39	11.68
Geologic Hazard Abatement	14,316.64	0.01
El Camino Training Fund-Fire	100,900.70	0.07
El Camino Training Fund-Police	10,000.00	0.01
Vanpool/Rideshare Fund	16,250.38	0.01
Torrance Public Financing - 1998 COP Fire/Police	12,834.69	0.01
Animal Control Fund	-	0
Successor Agency - Low Mod Housing Capital Project	8,503.13 (C)	0.01
Successor Agency - Downtown Debt Service	14,354.35 (D)	0.01
Successor Agency - Skypark Debt Service	-	0
Successor Agency - Industrial Debt Service	144,670.07 (E)	0.1
Underground Storage Tank Fund	-	0
DNA Sampling Fund	6,777.39	0
Airport Fund	6,557,102.41	4.47
Transit Operations	12,349,162.10	8.43
Development Impact Fund	1,371,384.94	0.94
Water Operations	8,435,284.79	5.76
Emergency Medical Service Enterprise Fund	-	0
Sanitation Operations	(488,305.30) (F)	-0.33
Cultural Arts Enterprise	(57,534.83) (G)	-0.04
Sewer Enterprise Fund	8,699,400.79	5.94
Parks & Recreation Enterprise Fund	294,935.90	0.2
Self Insurance Fund	5,654,125.51	3.86
Fleet Services	17,985,349.32	12.27
Postemployment/Compensated Absences Fund	8,234,749.86	5.62
Trust & Agency	2,641,855.49	1.8
TOTAL CASH AND INVESTMENTS PER BOOKS	146,529,652.28	100
Redev Obligation Retirement Fund	209,155.18 (H)	

(A) T-030 Del Amo Blvd. extension project - MTA Grant has a negative cash balance of <$506,675.19>. METRO is holding approximately $701,873 of reimbursement and will issue the check to City when the final review is completed.

T-131 Intersection Improvements - Measure R HW - MTA Grant has a negative cash balance of <$172,372.82>. Quarterly reimbursement request will be submitted in January 2014.

FEAP764 Torrance Transit Terminal project - Measure R HW-MTA Grant has a negative cash balance of <$263,571.66>. Quarterly reimbursement request will be submitted in January 2014.

I-111 Measure R N47 Maple Ave @ Sepulveda project - Measure R HW-MTA Grant has a negative cash balance of <$31,987.04>. The reimbursement request is still on hold. MTA audit is in process. Once the audit is completed, Metro will release the payment.

FEAP810 Pueblo Park Renovation - County Grant has a negative cash balance of <$82,736.90>. Per Department, this grant requires additional documents before the reimbursement request can be submitted. Department is in process to prepare those documents.
I-102 Stormwater Basin Enhancement Program - State Grant has a negative cash balance of <$25.42>. Department will request the reimbursement when more expenses are accumulated.

(B) CDBG Fund has a negative cash balance of <$113,347.32> due to Home Improvement Program charges. Per CDD, there are issues related to the reimbursement. Community Development, Finance, and Community Services are working together to resolve issues relating to CDBG reimbursement.

(C) Funds will be used to pay Coleman Court and Ocean Terrace Senior rental subsidy.

(D) Residuals that will be used to pay Downtown bond debt.

(E) Residuals that will be used to pay Industrial bond debt.

(F) Sanitation Operations Fund has a negative cash balance due to the purchase of green waste containers from Toter, Inc. for $613, 481 in May 2012 & $500,176.05 in September 2012 and a $145,095.72 transfer to Fleet Veh Repl Fd for a refuse truck in November 2013.

(G) Finance Department is monitoring and working with General Services.

(H) The cash balance of Redev Obligation Retirement Fund for $209,155.18 is in a separate Bank of America account.

City of Torrance
Investment Report
December 2013

CASH AND INVESTMENTS RECONCILIATION
AS OF DECEMBER 31, 2013 (PRE-CLOSE)

INVESTMENTS PER PORTFOLIO SUMMARY		$ 146,280,808.61
Cash in Bank of America General Account	$ 1,363,816.27	
Cash in Bank of America Housing Account	1,605,704.83	
		2,969,521.10
TOTAL FUNDS PER INVESTMENT REPORT		**$ 149,250,329.71**
OUTSTANDING WARRANTS:		
General Account	$ (817,444.22)	
Payroll Account	(43,218.85)	
Workers' Compensation Account	(132,966.01)	
Housing Account	(7,636.39)	
		(1,001,265.47)
MISCELLANEOUS OUTSTANDING ADJUSTING JOURNAL ENTRIES:		
Union Bank transaction interfaced discrepancy, correction Interfaced on 01/07/14	$ 176.85	
12/04/13 Receipts interfaced pending	(3,357.34)	
12/13/13 Receipts interfaced pending	(1,103.70)	
12/26/13 Receipts interfaced on 01/02/14	(791,459.59)	
12/27/13 Receipts interfaced on 01/02/14	(391,874.32)	
12/27/13 Receipts interfaced on 01/06/14	(3,674.18)	
12/30/13 Receipts interfaced on 01/02/14	(137,037.34)	
12/30/13 Receipts interfaced on 01/03/14	(1,307.31)	
12/30/13 Receipts interfaced on 01/06/14	(6,539.55)	
12/31/13 Receipts interfaced on 01/02/14	(28,002.34)	
12/31/13 Receipts interfaced on 01/06/14	(369,528.67)	
12/20/13 Payroll Check No.947557, issued on 12/20/13, interfaced in January 2014	8,677.92	
IVR & Parking Web credit card receipts will be interfaced in January 2014	(6,189.00)	
12/2013 Deposit in transit	11,806.61	
		(1,719,411.96)
TOTAL CASH AND INVESTMENTS PER BOOKS		**$ 146,529,652.28**