

Council Meeting of
January 9, 2018

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

Members of Council:

**SUBJECT: City Treasurer - Accept and File the Revised Monthly Investment Report for June 2017.
Expenditure: None.**

RECOMMENDATION

Recommendation of the City Treasurer that City Council accept and file the revised monthly Investment report for June 2017.

EXPENDITURE

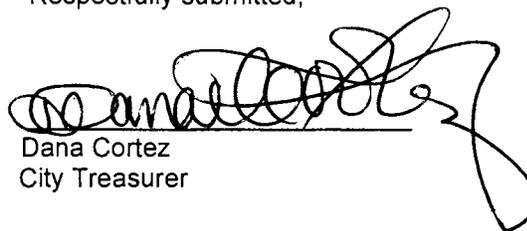
None.

BACKGROUND

At the December 12, 2017 Council meeting, an inquiry was made in regard to the incomplete information being provided in the Monthly Investment Report for June 2017 presented to Council on August 15, 2017.

After further review it was discovered that an error was made on page 7 under the column labeled Ending Investment Value the original report submitted stated "as of May 31, 2017" which has been corrected to state "as of June 30, 2017." Attached is the Revised Monthly Investment Report for June 2017 with changes noted.

Respectfully submitted,


Dana Cortez
City Treasurer

NOTED:


LeRoy J. Jackson
City Manager

Attachment
A.) Revised Investment Report for June 2017



City of Torrance, California
Investment Report Summary Notes
For the Month of: June 2017

Investment Activity during the Period

The investment activity for June 2017 included 3 purchase and 9 redemptions.

Purchaser-Issuer	Rating	Par Value	Term	Coupon	Structure
Numerica Credit Union*	FDIC	245,000	5 YR	1.750%	Bullet
Federal Home Loan	AA+	1,000,000	4.5 YR	2.000%	4.5YR 3M NC
Bridgewater Bank*	FDIC	245,000	5 YR	2.002%	Bullet

Redemptions-Issuer	Rating	Par Value	Term	Coupon	YTM
Federal Home Loan Bank	AA+	1,000,000	3.4 YR	1.010%	1.069%
Federal Farm Credit Bank	AA+	3,000,000	3.4 YR	1.100%	0.935%
Federal Home Loan Mortgage Co	AA+	5,000,000	4.1 YR	1.000%	0.726%
Federal Home Loan Bank	AA+	2,000,000	2 YR	1.000%**	0.999%
Federal Home Loan Bank	AA+	1,500,000	0.5 YR	1.850%	1.855%
Federal Home Loan Mortgage Co	AA+	2,000,000	1 YR	1.000%**	1.000%
Royal Bank of Canada	AA+	1,000,000	3 YR	1.250%	1.189%
3M Company	AA-	1,080,000	4.1 YR	1.000%	0.866%
3M Company	AA-	1,000,000	3.1 YR	1.000%	0.920%

* Calculation uses 365 Day Basis

**Step-up investments that were called prior to their next rate increase

Structure Definition:

1X Callable Bond – Is a callable bond where the issuer only has one option to call the bond. If the option is not exercised it becomes a Bullet Bond.

6M Callable Bond – Is a bond with an ongoing 6 month call option.

Bullet Bond – Bullet bonds are non-callable. Bullet bonds cannot be redeemed early by an issuer.

NC 1YR – No Call for one year bond

Step-Up Bond – A bond that pays an initial coupon rate for the first period, and then a higher coupon rate for the following periods. A step-up bond is one in which subsequent future coupon payments are received at a higher, predetermined amount than previous or current periods. These bonds usually have a callable component.

The Local Agency Investment Fund (LAIF) balance was \$50 million* with an average monthly yield of 0.978%, detailed on page 3 of the Investment Report. The aggregate investment portfolio balance on May 31, 2017 was \$192,447,039. As of June 30, 2017 the ending balance is \$185,356,188 resulting in a decrease of \$7.1 million from the previous month. *Includes TRAN repayment

Liquidity of the Portfolio

- ❖ The current goal is to keep the investment portfolio at an average maturity of 2 years based on current economic conditions. The portfolio's current average maturity is 483 days or 1.32 years, representing a 25 day decrease from the previous month.
- ❖ The goal is to keep an average of \$10-\$20 million in liquid assets in order to meet operational needs and for unexpected expenditures that may arise. The current short term liquidity balance is \$87 million. 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.

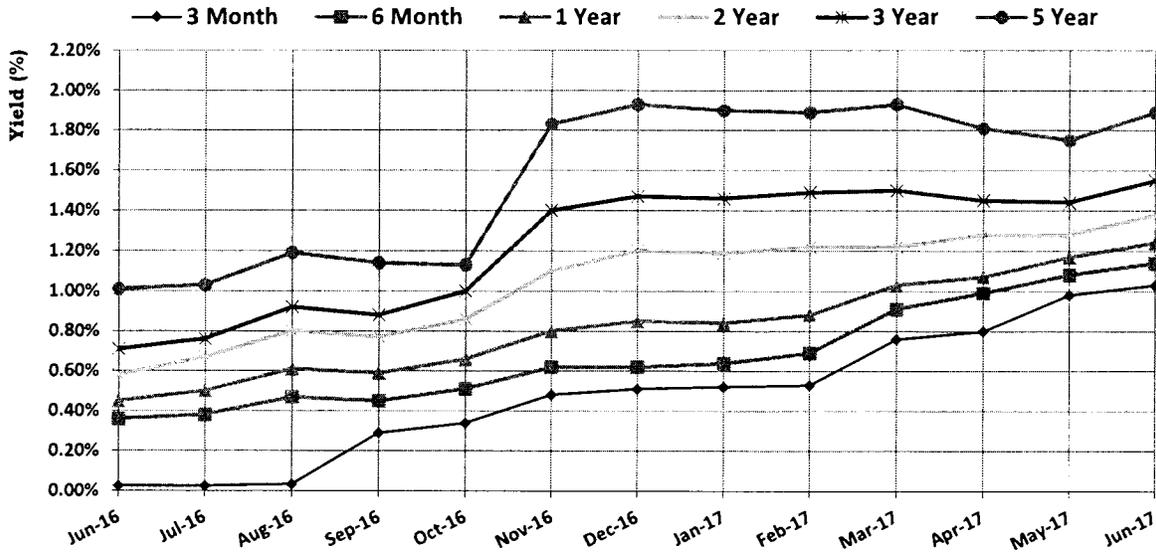
Investment Comparison to Benchmark

For the month of June, the City's yield to maturity on pooled investments was 1.213 %; the yield decrease from the previous month by 0.045%. The average effective rate of return for fiscal year-to-date is 1.180%. The average yield on the 2 year U.S. Constant Maturing Treasury (CMT) was 1.380% which reflects an increase of 10 basis point or 10% compared to the prior month. The portfolio performed above the CMT benchmark by -17 basis points or -0.17%. As interest rates continue



**City of Torrance, California
Investment Report Summary Notes
For the Month of: June 2017**

to slowly move upward the spread between the portfolio performance and the benchmark will continue to tighten, because the portfolio is generally 'buy and hold'. As the short end of the yield curve continues to rise LAIF rates will also follow a similar yield curve. The graph enclosed tracks the CMT yields for the past twelve month period for a variety of terms. The City's portfolio will stay the course based on the current economic trends. Covering cash flow needs rank as the top priority.





City of Torrance, California
Monthly Investment Portfolio Report
June 30, 2017

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Investment Report
June 2017

Portfolio Highlights

RETURN		Current Month	Prior Month
City Portfolio YTM		1.213%	1.258%
U.S. Treasury Constant Maturity (2 year)		1.380%	1.280%
LAIF Monthly Return		0.978%	0.925%
City Portfolio YTM (Prior Year)		1.214%	1.042%
Effective Rate of Return		Year to Date	Prior Year to Date
Effective Rate of Return		1.180%	0.920%
INTEREST INCOME		Current Period	Prior Month
Fiscal Year to Date		\$1,983,083.74	\$1,745,766.43
Current Month		\$192,007.16	\$189,328.51
MATURITY		Current Month	Prior Month
Days to Maturity		483	508
Days to Maturity (Prior Year)		668	501
Average Maturity (Years)		1.32	1.39
VOLUMES		# of Transactions	
Purchases/Deposits*			3
Maturities/Redemptions*			9
Total Volume (\$)		\$25,915,498	
		\$33,004,914	

*Includes LAIF and MMA Activity

Portfolio Activity Summary

Month End	Year	# of Securities	Average Balance	Yield to Maturity		Managed Pool Rate	# of Investments Purchased	# of Investments Redeemed	Average Term	Average Days to Maturity
				360 (%)	365 (%)					
June 2016		124	190,312,515.23	1.198	1.214	0.576	7	4	1,427	668
July 2016		119	161,093,481.84	1.194	1.211	0.588	1	5	1,283	624
August 2016		121	155,395,731.72	1.202	1.219	0.614	3	1	1,308	639
September 2016		124	153,637,967.22	1.238	1.255	0.634	7	4	1,376	660
October 2016		118	147,869,158.44	1.216	1.233	0.654	1	7	1,379	666
November 2016		118	148,960,902.79	1.172	1.189	0.678	1	1	1,260	587
December 2016		122	149,823,922.83	1.240	1.257	0.719	4	0	1,334	635
January 2017		119	155,699,041.54	1.172	1.189	0.751	0	3	1,189	560
February 2017		123	171,520,182.22	1.203	1.220	0.777	4	0	1,209	578
March 2017		126	172,536,545.93	1.237	1.254	0.821	5	2	1,235	588
April 2017		128	176,001,879.68	1.235	1.252	0.884	2	0	1,169	542
May 2017		129	187,079,349.71	1.240	1.258	0.925	1	0	1,133	508
June 2017		123	190,067,605.41	1.197	1.213	0.978	3	9	1,052	483
Average:		123	166,041,532.67	1.211	1.228	0.738	3	3	1,258	595

Investment Report
June 2017

Portfolio Summary

	Book Value (\$)	BV % of Portfolio	Market Value (\$)	MV % of Portfolio	S&P Rating	% per Policy	Modified Duration	Days to Maturity	Maximum Term	YTM
Local Agency Investment Fund (LAIF)	\$50,000,000	26.98%	\$50,000,000	27.02%		\$65Mill	0.000	1	N/A	0.978%
Union Bank Custodial - Money Market Account	\$10,000,583	5.40%	\$10,000,583	5.40%		100%	0.000	1	N/A	0.010%
U.S. Treasury Securities	\$8,884,087	4.79%	\$8,904,160	4.82%	AA+	100%	2.330	872	5 Year	1.603%
Federal Agency Issues	\$85,870,166	46.32%	\$85,612,155	46.21%	AA+	75%	1.720	650	5 Year	1.283%
Farmer Mac	18,374,487	9.91%	18,335,393	9.90%		30%	2.096	789	5 Year	1.424%
Federal Farm Credit Bank	11,999,071	6.47%	11,971,250	6.47%		30%	0.812	305	5 Year	1.233%
Federal Home Loan Bank	17,985,869	9.70%	17,937,840	9.69%		30%	2.378	899	5 Year	1.407%
Federal Home Loan Mortgage Corporation	17,009,592	9.18%	16,960,290	9.13%		30%	1.166	438	5 Year	1.072%
Federal National Mortgage Association	20,501,147	11.06%	20,407,382	11.02%		30%	1.798	684	5 Year	1.254%
Negotiable Certificates of Deposit	\$13,596,854	7.34%	\$13,590,483	7.35%	FDIC	20%	2.430	921	5 Years	1.605%
Medium-Term Notes	\$17,004,497	9.18%	\$17,027,595	9.20%		20%	2.070	781	5 Year	1.741%
Apple Inc.	4,494,689	2.42%	4,481,110	2.42%	AA+	5%	1.580	592	5 Year	1.351%
Bank of Montreal	1,000,051	0.54%	999,920	0.54%	A+	5%	0.197	72	5 Year	1.373%
Chevron Corp.	3,031,342	1.64%	3,034,900	1.64%	AA	5%	2.674	1,014	5 Year	1.935%
Colgate Palmolive Co.	1,998,736	1.08%	2,001,620	1.08%	AA-	5%	1.313	488	5 Year	1.549%
IBM	1,976,861	1.09%	1,983,160	1.07%	AA-	5%	2.785	1,049	5 Year	2.050%
MicroSoft Corporation	2,000,000	1.08%	2,007,200	1.08%	AAA	5%	3.206	1,221	5 Year	1.944%
Toronto Dominion Bank	1,000,000	0.54%	1,011,540	0.55%	AA-	5%	3.291	1,262	5 Year	2.473%
Toyota Motor Credit Corporation	1,502,820	0.81%	1,508,145	0.81%	AA-	5%	1.289	480	5 Year	1.850%
Earnings Allowance Rate:										
0.250%										
Total Investments:	\$185,356,188	100%	\$185,134,976	100%			1.277	483		1.213%
Cash in Bank (General):	\$7,427,298									
Cash in Bank (Housing):	\$3,389,030									
Total Funds:	\$196,172,516									

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 2016-92 on December 6, 2016, per California Government Code 53601. A copy of this policy is available at the office of the City Clerk.


Dana Cortez
City Treasurer

Vacant
Deputy City Treasurer

Fiscal YTD
1.180%

Effective Rate of Return

7/31/17
Date

Investment Report
June 2017

Portfolio Monthly Activity Detail

Purchases Investment Number	Broker	Purchase Date	Description	Quality Rating	Maturity Date	Term	Coupon (%)	Par Value (\$)	Book Value (\$)	Market Value (\$)
11249	Mutibank	6/21/2017	Numerica Credit Union	FDIC	6/21/2022	5 YR	1.750%	245,000	245,000	245,466
11250	Morgan Stanley	6/29/2017	Federal Home Loan	AA+	12/29/2021	4.5 YR	2.000%	1,000,000	1,000,000	990,930
11251	Higgins Capital	6/29/2017	Bridgewater Bank	FDIC	6/29/2022	5 YR	2.002%	245,000	245,000	241,923
							1.917%	1,490,000	1,490,000	1,476,318
Maturities/Calls/Sales Investment Number	Broker	Purchase Date	Description	Quality Rating	Maturity Date	Days Held/Days to Maturity	Coupon (%)	Par Value (\$)	Book Value (\$)	Market Value (\$)
11118	Wedbush	1/14/2014	Federal Home Loan Bank	AA+	6/19/2017	1,252/1,252	1.010%	1,000,000	1,000,000	1,000,000
11121	Great Pacific	2/7/2014	Federal Farm Credit Bank	AA+	6/28/2017	1,237/1,237	0.935%	3,000,000	3,000,000	3,000,000
11101	Vining Sparks	5/13/2013	Federal Home Loan Mortgage Co	AA+	6/29/2017	1,508/1,508	1.000%	5,000,000	5,000,000	5,000,000
11174	Wedbush	6/30/2015	Federal Home Loan Bank	AA+	6/30/2017	731/1,827	1%**	2,000,000	2,000,000	2,000,000
11236	Stifel	12/30/2016	Federal Home Loan Bank	AA+	6/30/2017	182/1,278	1.850%	1,500,000	1,500,000	1,500,000
11216	Wedbush	6/30/2016	Federal Home Loan Mortgage Co	AA+	6/30/2017	365/1,826	1%**	2,000,000	2,000,000	2,000,000
11147	Morgan Stanley	6/16/2014	Royal Bank of Canada	AA+	6/16/2017	1,096/1,096	1.189%	1,000,000	1,000,000	1,080,000
11104	Higgins Capital	5/23/2013	3M Company	AA-	6/26/2017	1,495/1,495	1.000%	1,080,000	1,080,000	1,080,000
11145	Vining Sparks	5/14/2014	3M Company	AA-	6/26/2017	1,139/1,139	1.000%	1,000,000	1,000,000	1,000,000
							0.966%	17,580,000	17,580,000	17,580,000

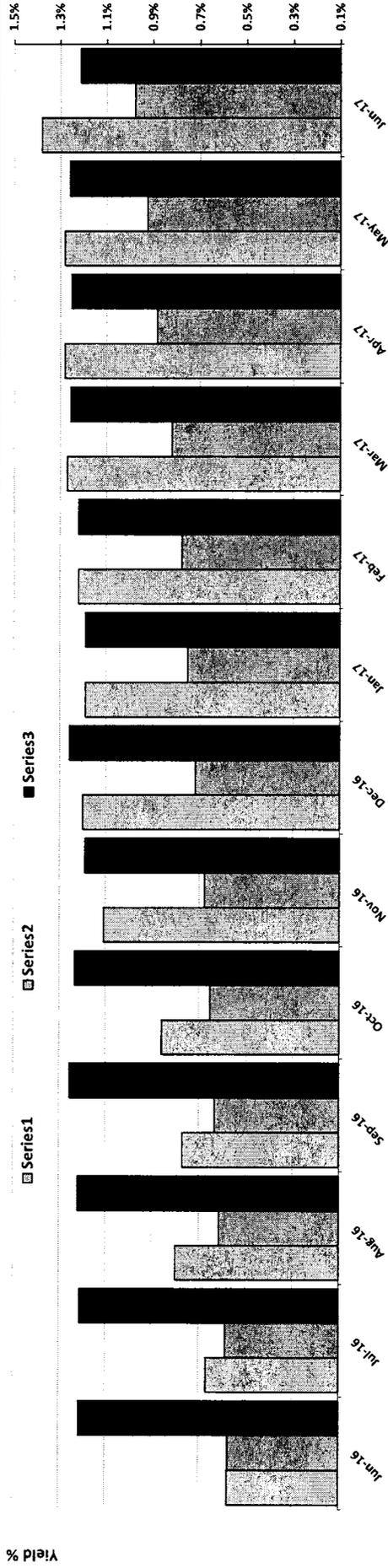
UBOC Money Market	Remaining Balance	Coupon (%)	Yield	Deposits	Withdrawals	Ending Balance
		0.01	0.01	19,425,498	9,424,914	10,000,583
LAIF	Beginning Balance	Coupon (%)	Yield (%)	Deposits (\$)	Withdrawals (\$)	Interest Earned (\$)
	51,000,000	0.978%	0.978%	5,000,000	6,000,000	50,000,000
	\$51,000,000			\$5,000,000	\$6,000,000	\$50,000,000

* Includes TRAN Repayment

** Step up investments that were called prior to next rate increase

Investment Report
June 2017

Portfolio Performance



Portfolio Earnings Summary June 30, 2017 Fiscal YTD

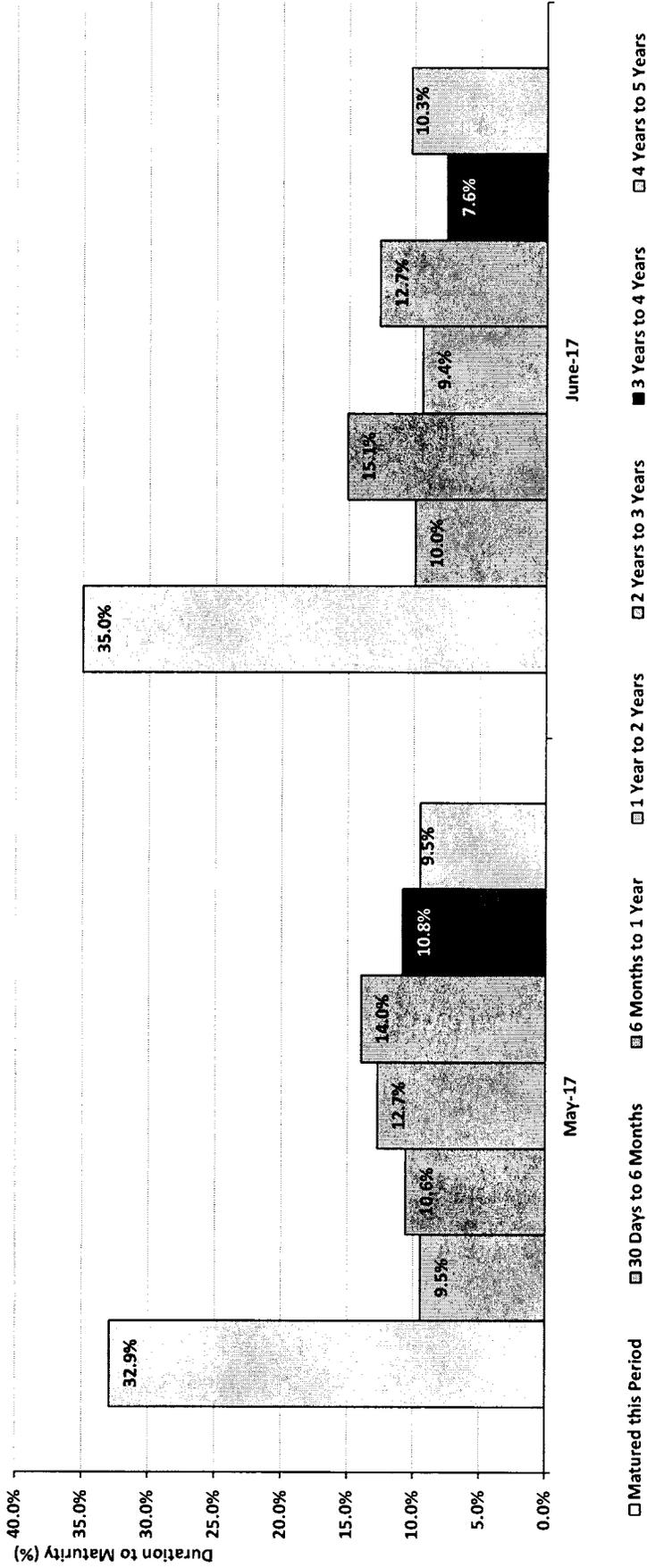
CD/Coupon/Discount Investments:		
Interest Collected	350,728.53	1,968,219.57 ⁰⁰
Plus Interest at End of Period	304,547.59	303,727.02
Less Accrued Interest at Beginning of Period	(500,132.78)	(520,145.70)
Interest Earned during this Period	\$155,143.34	\$1,751,800.89
Adjusted By Premiums/Discounts	(1,434.40)	(47,446.91)
Adjusted by Capital Gains or Losses	0.00	(1,120.00)
Earnings during Periods	\$153,708.94	\$1,703,233.98
Cash/Checking Accounts:		
Interest Collected	107.85	198,895.71
Plus Accrued Interest at End of Period	98,998.25	98,998.25
Less Interest at Beginning of Period	(60,807.88)	(63,044.20)
Interest Earned this Period	\$38,298.22	\$234,849.76
Total Interest Earned	\$193,441.56	\$1,986,650.65
Total Adjustments from Premium and Discounts	(1,434.40)	(47,446.91)
Total Capital Gains or Loss	0.00	(1,120.00)
Total Earnings this Period	\$192,007.16	\$1,938,083.74

Notes:

Adjusted by Premiums/Discounts represents the premium or discount cost involved to secure higher or lower yield securities. The cost of the premium or discount is amortized down or up respectively to par over the life of the bond until reaching maturity. By amortizing, the amount of taxable interest is reduced for each year the city owns the bond. This is because the amortized premium or discounts offsets the ordinary income of the coupon payment. As long as a bond is held to maturity there will be no capital loss or gain to report.

Investment Report
June 2017

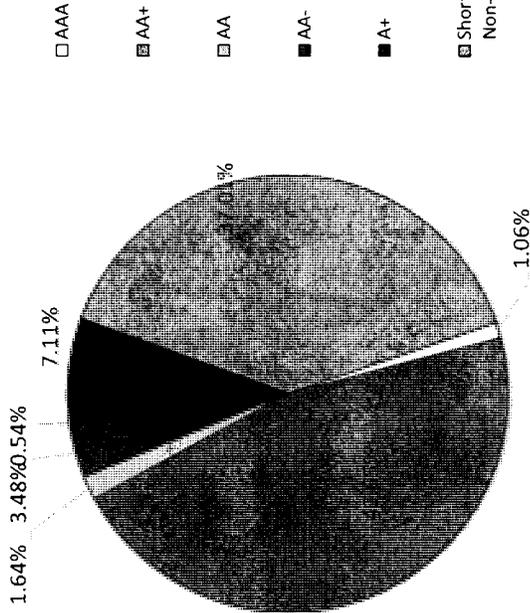
Maturity Distribution



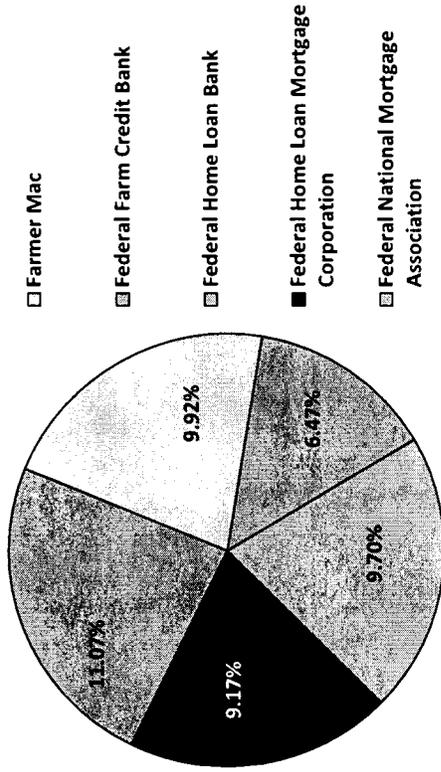
NOTE: *SB 564 passed in 1995, effective February 1, 1996, requires that local agencies submit a quarterly report to the legislative body containing detailed information on all securities, investments, and monies of the local agency. It also requires a statement of compliance of the portfolio with the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

Portfolio Distribution

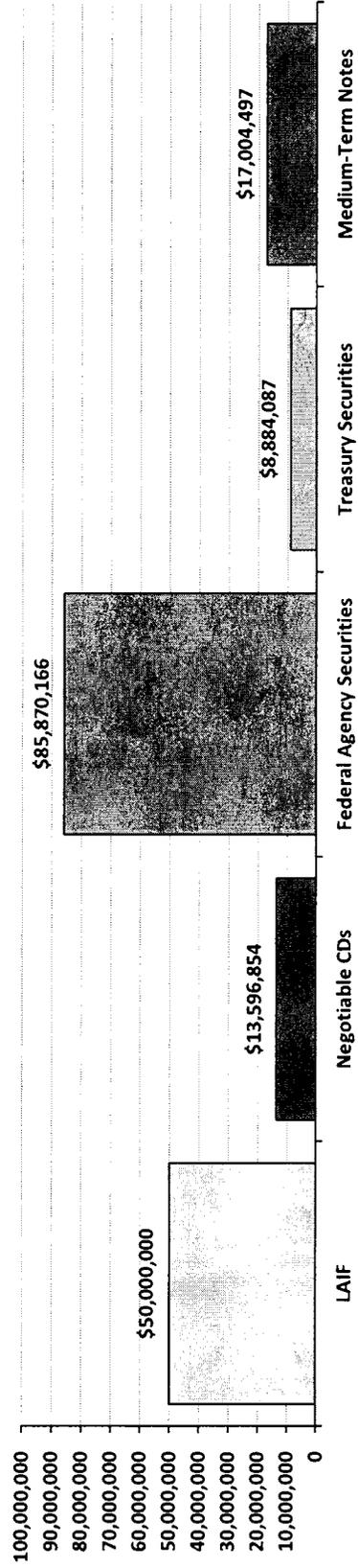
Assigned Credit Ratings of Investments (Total Portfolio)



Federal Agencies Distribution (46.33% of Total Portfolio)



Portfolio Sectors (Book Value)



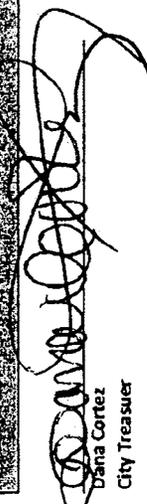
**Investment Report
June 2017**

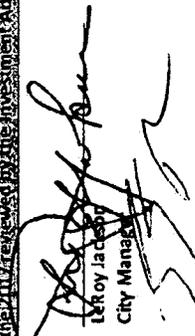
Value of Portfolio per GASB 31

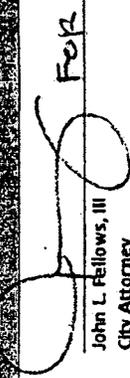
	Beginning Investment Value As of July 1, 2016	Purchase / Redemption of Principal	Change in Market Value	Ending Investment Value As of June 30, 2017*
U.S. Treasury Securities	5,073,340	3,877,734	(46,914)	8,904,160
Federal Agency (Coupon)	96,518,510	(10,088,876)	(817,479)	85,612,155
Negotiable Certificate of Deposits	12,056,509	1,715,000	(181,026)	13,590,483
Medium-Term Notes	27,402,521	(10,080,000)	(294,976)	17,027,595
Municipal Bonds				
Sub-total per GASB 31	\$14,050,879	(10,576,142)	(1,340,345)	\$125,134,993
Non-GASB				
Local Agency Investment Funds	6,000,000	44,000,000		50,000,000
Money Market	3,000,000	7,000,583		10,000,583
Federal Agency - Disc.				
Treasury Security - Disc.				
Certificate of Deposits - Disc.				
Commercial paper				
Sub-total Non-GASB	\$9,000,000	\$51,000,583	\$0	\$60,000,583
Total Portfolio:	\$150,050,879	\$56,424,442	(\$1,340,345)	\$185,134,976

The Governmental Accounting Standards Board (GASB) has established Statement No. 31 for setting investment valuation standards. We report the unrealized gain/(loss) monthly and book realized gain/(loss) at year end as a GASB 31 requirement.

GASB 31 is a reporting requirement that reports the "Fair Value" of investments held in our portfolio. Fair value is the amount at which a financial instrument (investment) could be exchanged in a current transaction between willing parties at current market prices. It is important to understand the relationship between prevailing interest rates and fixed coupon investments. As market interest rates fall, the "Fair Value" of held securities will rise (unrealized Gains). The opposite occurs as market interest rates rise (market prices of held investments will fall). It should be noted that investments held in the city pool are to be held until maturity so both gains and losses (unrealized) will not be taken.


Dana Cortez
City Treasurer


Eric E. Tsao
Finance Director


John L. Fellows, III
City Attorney

Vacant
Deputy City Treasurer

*The last column header was updated to "Ending Investment Value As of June 30, 2017" from "Ending Investment Value As of May 31, 2017", which was a scrivener's error.

Deputy Treasurer Monthly Reports
 Portfolio Management
 Portfolio Details - Investments
 June 30, 2017

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Credit Rating	YTM	Days to Maturity	Maturity Date
Local Agency Investment Funds												
SYS10000	10000	Local Agency Invest Fund GEN'L	48,600,000.00		50,000,000.00	50,000,000.00	50,000,000.00	0.978	LAIF	0.978	1	
		Subtotal and Average			50,000,000.00	50,000,000.00	50,000,000.00	0.978		0.978	1	
Money Market Sweep Account												
316175108S	10001	Union Bank	1,920,041.16		10,000,583.33	10,000,583.33	10,000,583.33	0.010	A-1	0.010	1	
		Subtotal and Average			10,000,583.33	10,000,583.33	10,000,583.33	0.010		0.010	1	
Federal Agency Issues - Coupon												
3131SPNZ8	11086	FARMER MAC		01/30/2013	2,000,000.00	1,989,400.00	2,000,139.33	1.050	IMP	1.038	213	01/30/2018
3131SPXW6	11097	FARMER MAC		05/02/2013	2,000,000.00	1,992,420.00	1,999,832.78	0.850	IMP	0.860	305	05/02/2018
3132X0AL5	11170	FARMER MAC		06/01/2015	1,000,000.00	997,840.00	1,000,000.00	1.100	IMP	1.100	335	06/01/2018
3132X0BG5	11181	FARMER MAC		07/15/2015	1,000,000.00	1,000,360.00	1,000,000.00	1.750	IMP	1.750	1,080	06/15/2020
3132X0GV7	11214	FARMER MAC		06/07/2016	2,000,000.00	1,980,300.00	2,000,000.00	1.110	IMP	1.110	706	06/07/2019
3132X0JT9	11227	FARMER MAC		09/20/2016	1,000,000.00	986,240.00	1,000,000.00	1.160	IMP	1.160	811	09/20/2019
3132X0MT5	11235	FARMER MAC		12/29/2016	3,000,000.00	3,016,950.00	3,000,000.00	2.000	IMP	2.000	1,294	01/15/2021
3132X0NK3	11239	FARMER MAC		02/10/2017	2,300,000.00	2,295,515.00	2,300,000.00	1.400	IMP	1.400	752	07/23/2019
3132X0SA0	11247	FARMER MAC		04/19/2017	2,000,000.00	1,997,780.00	1,999,514.73	1.640	IMP	1.649	1,021	04/17/2020
3132X0SY8	11248	FARMER MAC		05/18/2017	2,075,000.00	2,068,588.25	2,075,000.00	1.750	IMP	1.750	1,052	05/18/2020
3133EC5A8	11075	FEDERAL FARM CREDIT BANK		11/28/2012	2,000,000.00	1,998,300.00	2,000,000.00	0.870	AA+	0.870	149	11/27/2017
3133ECE26	11087	FEDERAL FARM CREDIT BANK		01/30/2013	1,000,000.00	998,280.00	1,000,000.00	0.940	AA+	1.022	213	01/30/2018
3133ED3Z3	11109	FEDERAL FARM CREDIT BANK		10/04/2013	3,000,000.00	3,001,470.00	3,000,000.00	1.230	AA+	1.230	95	10/04/2018
3133ED4Q2	11114	FEDERAL FARM CREDIT BANK		10/11/2013	1,000,000.00	1,001,610.00	1,000,000.00	1.480	AA+	1.480	345	06/11/2018
3133EDOV1	11119	FEDERAL FARM CREDIT BANK		01/23/2014	1,000,000.00	1,000,230.00	998,883.85	1.160	AA+	1.198	114	10/23/2017
3133EDGW6	11128	FEDERAL FARM CREDIT BANK		03/11/2014	3,000,000.00	2,996,370.00	2,999,186.67	1.300	AA+	1.330	345	06/11/2018
3133EFX36	11206	FEDERAL FARM CREDIT BANK		04/05/2016	1,000,000.00	974,990.00	1,000,000.00	1.680	AA+	1.680	1,374	04/05/2021
313383AA9	11105	FEDERAL HOME LOAN BANK		06/12/2013	4,000,000.00	3,980,480.00	4,000,000.00	1.000	AA+	1.000	346	06/12/2018
313381GD1	11122	FEDERAL HOME LOAN BANK		02/20/2014	2,000,000.00	1,998,800.00	1,998,008.91	1.250	AA+	1.356	354	06/20/2018
313380CP0	11161	FEDERAL HOME LOAN BANK		05/22/2015	1,000,000.00	995,330.00	996,632.41	1.240	AA+	1.420	706	06/07/2019
313383HUB	11172	FEDERAL HOME LOAN BANK		06/12/2015	2,000,000.00	2,006,800.00	1,998,585.33	1.750	AA+	1.775	1,077	06/12/2020
313379EE5	11189	FEDERAL HOME LOAN BANK		09/14/2015	2,000,000.00	2,006,800.00	2,009,644.12	1.625	AA+	1.371	713	06/14/2019
3130A8BD4	11209	FEDERAL HOME LOAN BANK		05/27/2016	1,000,000.00	995,820.00	998,052.69	0.875	AA+	0.992	363	06/29/2018
3130A8QSS	11221	FEDERAL HOME LOAN BANK		08/25/2016	2,000,000.00	1,948,740.00	1,991,014.36	1.125	AA+	1.240	1,474	07/14/2021
3130A8QSS	11230	FEDERAL HOME LOAN BANK		09/30/2016	1,000,000.00	974,370.00	995,887.10	1.125	AA+	1.230	1,474	07/14/2021
3130AABG2	11234	FEDERAL HOME LOAN BANK		12/16/2016	1,000,000.00	1,002,100.00	987,522.22	1.875	AA+	2.175	1,612	11/29/2021
313378CR0	11246	FEDERAL HOME LOAN BANK		03/29/2017	2,000,000.00	2,028,600.00	2,009,722.22	2.250	AA+	2.010	1,714	03/11/2022
3134G32L3	11079	FEDERAL HOME LOAN MORTGAGE CO		12/26/2012	2,000,000.00	1,997,700.00	2,040,000.00	0.850	AA+	0.850	178	12/26/2017

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Federal Agency Issues - Coupon												
3137EADJ5	11095	FEDERAL HOME LOAN MORTGAGE CO		04/23/2013	3,000,000.00	2,998,910.00	3,000,753.01	1.000	AA+	0.660	27	07/28/2017
3134G44N5	11102	FEDERAL HOME LOAN MORTGAGE CO		05/28/2013	2,000,000.00	1,998,400.00	2,000,000.00	0.750	AA+	0.750	150	11/28/2017
3137EADL0	11132	FEDERAL HOME LOAN MORTGAGE CO		04/23/2014	1,000,000.00	999,770.00	999,653.27	1.000	AA+	1.145	90	09/29/2017
3137EADJ5	11139	FEDERAL HOME LOAN MORTGAGE CO		04/30/2014	2,000,000.00	1,999,940.00	1,999,987.05	1.000	AA+	1.009	27	07/28/2017
3134G3XJ4	11155	FEDERAL HOME LOAN MORTGAGE CO		04/29/2015	1,000,000.00	1,000,590.00	1,004,048.41	1.500	AA+	1.290	726	06/27/2019
3134G3XJ4	11190	FEDERAL HOME LOAN MORTGAGE CO		09/25/2015	1,000,000.00	1,000,590.00	1,004,586.37	1.500	AA+	1.263	726	06/27/2019
3137EADZ9	11204	FEDERAL HOME LOAN MORTGAGE CO		03/21/2016	1,000,000.00	995,510.00	999,807.50	1.125	AA+	1.136	653	04/15/2019
3134G9AY3	11207	FEDERAL HOME LOAN MORTGAGE CO		04/28/2016	1,000,000.00	987,670.00	1,000,000.00	1.350	AA+	1.376	1,032	04/28/2020
3134G9SA6	11215	FEDERAL HOME LOAN MORTGAGE CO		06/23/2016	1,000,000.00	991,240.00	1,000,000.00	1.500	AA+	1.500	1,088	06/23/2020
3134G46P8	11238	FEDERAL HOME LOAN MORTGAGE CO		02/09/2017	1,000,000.00	998,040.00	1,000,756.53	1.350	AA+	1.310	710	06/11/2019
3134GBTH5	11250	FEDERAL HOME LOAN MORTGAGE CO		06/29/2017	1,000,000.00	990,930.00	1,000,000.00	2.000	AA+	2.000	1,642	12/29/2021
3135G0PQ0	11100	FEDERAL NATIONAL MORT ASSOC.		04/26/2013	3,000,000.00	2,997,870.00	3,001,458.80	0.875	AA+	0.720	117	10/26/2017
3136G1LZ0	11103	FEDERAL NATIONAL MORT ASSOC		05/28/2013	2,000,000.00	1,996,200.00	2,000,000.00	0.750	AA+	0.750	150	11/28/2017
3135G0WJ8	11117	FEDERAL NATIONAL MORT ASSOC		01/14/2014	1,000,000.00	996,580.00	993,955.33	0.875	AA+	1.581	324	05/21/2018
3135G0WJ8	11120	FEDERAL NATIONAL MORT ASSOC		01/13/2014	2,000,000.00	1,993,160.00	1,990,622.97	0.875	AA+	1.421	324	05/21/2018
3135G0WJ8	11125	FEDERAL NATIONAL MORT ASSOC		03/03/2014	2,000,000.00	1,993,160.00	1,992,326.75	0.875	AA+	1.320	324	05/21/2018
3135G0YT4	11133	FEDERAL NATIONAL MORT ASSOC		04/23/2014	1,000,000.00	1,003,420.00	999,054.69	1.625	AA+	1.695	514	11/27/2018
3135G0PQ0	11140	FEDERAL NATIONAL MORT ASSOC		04/30/2014	1,000,000.00	999,290.00	999,245.54	0.875	AA+	1.116	117	10/26/2017
3135G0PQ0	11150	FEDERAL NATIONAL MORT ASSOC		06/30/2014	1,000,000.00	999,290.00	999,482.99	0.875	AA+	1.040	117	10/26/2017
3136G3N92	11220	FEDERAL NATIONAL MORT ASSOC		07/29/2016	2,525,000.00	2,464,071.75	2,525,000.00	1.350	AA+	1.350	1,487	07/27/2021
3136G04T5	11222	FEDERAL NATIONAL MORT ASSOC		08/25/2016	1,000,000.00	997,540.00	1,000,000.00	1.500	AA+	1.055	1,048	05/14/2020
3135G0K69	11223	FEDERAL NATIONAL MORT ASSOC		08/25/2016	2,000,000.00	1,964,700.00	2,000,000.00	1.250	AA+	1.230	1,405	05/06/2021
3136G4LX9	11240	FEDERAL NATIONAL MORT ASSOC		02/28/2017	2,000,000.00	2,002,100.00	2,000,000.00	2.125	AA+	2.125	1,703	02/28/2022
		Subtotal and Average	98,221,968.59		85,900,000.00	85,612,155.00	85,870,165.93			1.283	650	
Treasury Securities - Coupon												
91282BWD8	11137	U.S. TREASURY NOTE		04/29/2014	2,000,000.00	1,997,660.00	1,991,678.69	1.250	AA+	1.575	487	10/31/2018
91282BVK3	11143	U.S. TREASURY NOTE		05/09/2014	3,000,000.00	3,002,580.00	3,001,691.59	1.375	AA+	1.317	364	06/30/2018
91282BS27	11233	U.S. TREASURY NOTE		12/15/2016	2,000,000.00	1,951,960.00	1,938,634.65	1.125	AA+	1.930	1,460	06/30/2021
91282BS27	11237	U.S. TREASURY NOTE		02/09/2017	2,000,000.00	1,951,960.00	1,952,062.36	1.125	AA+	1.750	1,460	06/30/2021
		Subtotal and Average	8,882,821.57		9,000,000.00	8,904,160.00	8,884,087.29			1.603	872	
Medium Term Notes												
037833AJ9	11193	Apple Inc		09/30/2015	2,500,000.00	2,490,950.00	2,496,698.39	1.000	AA+	1.160	306	05/03/2018
037833AX8	11198	Apple Inc		10/30/2015	2,000,000.00	1,990,160.00	1,997,990.37	1.550	AA+	1.590	951	02/07/2020
06366RHA6	11056	Bank of Montreal		09/11/2012	1,000,000.00	998,920.00	1,000,050.56	1.400	A+	1.373	72	09/11/2017

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Medium Term Notes												
166764AND	11156	Chevron Corp		04/28/2015	1,000,000.00	1,009,860.00	1,014,242.03	2.193	A	1.569	867	11/15/2019
166764AG5	11182	Chevron Corp		07/31/2015	2,000,000.00	2,025,040.00	2,017,099.66	2.427	A	2.120	1,089	06/24/2020
19416QED8	11116	Colgate Palmolive Co		11/01/2013	2,000,000.00	2,001,620.00	1,998,736.00	1.500	B+	1.549	488	11/01/2018
459200HM6	11183	IBM		08/18/2015	2,000,000.00	1,983,160.00	1,976,860.69	1.625	B+	2.050	1,049	05/15/2020
594918BG8	11199	Microsoft Corp		11/05/2015	2,000,000.00	2,007,200.00	2,000,000.00	2.000	AA	1.944	1,221	11/03/2020
89114QBC1	11201	Toronto Dominion Bank		12/14/2015	1,000,000.00	1,011,540.00	1,000,000.00	2.500	B+	2.473	1,262	12/14/2020
89238TAY1	11131	Toyota Motor Credit Corp		04/11/2014	1,500,000.00	1,508,145.00	1,502,819.75	2.000	B+	1.850	480	10/24/2018
		Subtotal and Average	19,237,922.54		17,000,000.00	17,027,595.00	17,004,497.45			1.741	781	

Negotiable CD

31938QP24	11186	First Business Bank		09/16/2015	161,000.00	161,159.39	161,000.00	1.700	FD	1.701	807	09/16/2019
32110YFW0	11163	First National Bank of America		05/29/2015	245,000.00	243,760.30	245,000.00	1.600	FD	0.000	1,063	05/29/2020
32112UBX8	11192	First National Bank of Texas		09/30/2015	247,000.00	246,357.80	247,000.00	1.400	FD	1.402	639	04/01/2019
88413QBG2	11168	Third Federal Savings and Loan		05/28/2015	245,000.00	244,965.70	245,000.00	1.300	FD	1.303	515	11/28/2018
02587CAW0	11152	American Express		08/21/2014	245,000.00	247,511.25	245,000.00	2.100	FD	2.101	781	08/21/2019
02006LUH4	11194	Ally Bank		09/30/2015	245,000.00	245,828.10	245,000.00	1.700	FD	1.465	457	10/01/2018
02587DXP8	11158	American Express Cent #27471		04/30/2015	245,000.00	246,590.05	245,000.00	1.950	FD	1.952	1,034	04/30/2020
06740AYC7	11090	Barclays Bank		03/12/2013	245,000.00	245,904.05	245,000.00	1.750	FD	1.350	254	03/12/2018
06610TDN2	11226	Bankers Bank of the West		09/14/2016	245,000.00	242,018.35	245,000.00	1.150	FD	1.150	804	09/13/2019
06251AK58	11196	Bank Hapollim BM NY		10/29/2015	245,000.00	244,857.90	245,000.00	1.650	FD	1.651	850	10/29/2019
05580ACP7	11184	BMW Bank of No America #35141		08/14/2015	245,000.00	248,596.60	245,000.00	2.250	FD	2.253	1,140	08/14/2020
060624XH1	11091	Bank of Baroda #33681		03/08/2013	245,000.00	245,303.80	245,000.00	1.250	FD	1.251	250	03/08/2018
108622FT3	11251	Bridgewater Bank		06/29/2017	245,000.00	241,922.80	245,000.00	2.000	FD	2.002	1,824	06/29/2022
14042E4P2	11178	Capital One#4297		07/15/2015	245,000.00	247,876.30	245,000.00	2.300	FD	2.303	1,110	07/15/2020
149159HR9	11176	Capital One Bank USA #33954		07/08/2015	247,000.00	250,993.99	247,000.00	2.350	FD	2.353	1,103	07/08/2020
15118RLC9	11213	Cathay Bank #18503		04/12/2013	245,000.00	244,522.25	245,000.00	1.000	FD	1.001	285	04/12/2018
17284CBZ6	11093	CELTIC BANK		06/15/2016	245,000.00	243,044.90	245,000.00	1.200	FD	1.200	713	06/14/2019
20033ASX5	11231	CIT Bank		04/17/2013	245,000.00	244,791.75	245,000.00	1.150	FD	1.151	290	04/17/2018
20451PLA2	11164	Comenity Capital Bank		10/31/2016	245,000.00	238,811.30	245,000.00	1.750	FD	1.751	1,581	10/29/2021
20786ABD6	11165	COMPASS BANK		05/29/2015	245,000.00	244,977.95	245,000.00	1.300	FD	1.301	332	05/29/2018
225845CZ1	11126	CONNECTONE BANK		06/05/2015	245,000.00	245,196.00	245,000.00	1.500	FD	1.501	704	06/05/2019
061785DD0	11211	Crescent Bank & Trust		03/05/2014	245,000.00	246,065.75	245,000.00	1.500	FD	1.500	423	08/28/2018
254672NC8	11160	Bank of Deerfield		06/07/2016	245,000.00	242,001.20	245,000.00	1.300	FD	1.301	1,011	04/07/2020
29976DZD5	11177	Discover Bank #5649		05/06/2015	245,000.00	245,901.60	245,000.00	1.900	FD	1.902	1,040	05/06/2020
308862DD0	11134	EverBank #34775		07/14/2015	245,000.00	246,438.15	245,000.00	2.000	FD	2.002	1,109	07/14/2020
		Farmers & Merchants Bk #16810		04/25/2014	245,000.00	245,080.85	245,000.00	1.450	FD	1.452	451	09/25/2018

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Negotiable CD												
38148JSU6	11159	Goldman Sachs Bank #33124		05/06/2015	245,000.00	245,901.60	245,000.00	1.900	FDIC	1.902	1,040	05/06/2020
383052DH7	11191	Gorham Bank		10/14/2015	247,000.00	248,444.95	247,000.00	1.350	FDIC	1.350	653	04/15/2019
40434AP45	11202	Household Finance Co		03/10/2016	245,000.00	244,813.80	245,000.00	1.300	FDIC	2.007	1,348	03/10/2021
40434YGK7	11242	Household Finance Co		03/24/2017	245,000.00	247,940.00	245,000.00	2.450	FDIC	2.451	1,724	03/21/2022
45083AEJ7	11154	Iberia Bank		04/16/2015	245,000.00	244,696.20	245,000.00	1.100	FDIC	1.101	289	04/16/2018
465076JJ7	11208	ISREAL DISCOUNT BK of NY		05/04/2016	245,000.00	244,120.45	245,000.00	1.200	FDIC	1.190	674	05/06/2019
464209CJ2	11225	ISABELLa BANK		09/07/2016	245,000.00	242,047.75	245,000.00	1.150	FDIC	1.149	800	09/09/2019
485836FB1	11129	Katahdin Trust Co CD		03/28/2014	245,000.00	245,000.00	245,000.00	1.250	FDIC	1.054	635	03/28/2019
51507LBD5	11232	Lendmark Community Bank		11/10/2016	245,000.00	238,754.95	245,000.00	1.600	FDIC	1.601	1,593	11/10/2021
538036CP7	11243	Live Oak Banking Company		04/08/2017	245,000.00	246,565.55	245,000.00	2.100	FDIC	2.102	1,376	04/07/2021
549103YK9	11224	Luana Savings Bank		09/09/2016	245,000.00	239,372.35	245,000.00	1.350	FDIC	1.351	1,531	09/09/2021
564759QQ0	11162	Manufacturers & Traders Trust		05/27/2015	245,000.00	244,843.20	245,000.00	1.050	FDIC	1.051	332	05/29/2018
55266CRZ1	11121	MB Financial Bank		06/10/2016	245,000.00	242,089.40	245,000.00	1.350	FDIC	1.351	1,075	06/10/2020
58403BY42	11179	Medallion Bank Salt Lake City		07/21/2015	245,000.00	246,305.85	245,000.00	1.900	FDIC	1.865	751	07/22/2019
58733ADJ5	11229	mercantil Commercebank Natona		09/28/2016	245,000.00	239,188.60	245,000.00	1.650	FDIC	1.651	1,550	09/28/2021
59013JJE0	11187	Merrick Bank		09/21/2015	245,000.00	247,011.45	245,000.00	1.600	FDIC	1.601	811	09/20/2019
55406JAK8	11185	M Y SAFRA Bank		09/11/2015	245,000.00	247,268.70	244,854.26	1.600	FDIC	1.630	776	08/16/2019
628825JK8	11151	NCB FSB #32612		07/16/2014	245,000.00	245,012.25	245,000.00	1.000	FDIC	0.861	16	07/17/2017
67054NAK9	11249	Numerica Credit Union		06/21/2017	245,000.00	245,465.50	245,000.00	2.300	FDIC	2.301	1,816	06/21/2022
63970QFD3	11188	Nebraska National Bank		09/25/2015	245,000.00	247,062.90	245,000.00	1.500	FDIC	1.501	816	09/25/2019
71270QLZ7	11153	Peoples United Bank		02/04/2015	245,000.00	247,851.80	245,000.00	1.750	FDIC	1.751	948	02/04/2020
700654AY2	11245	The Park National Bank		03/30/2017	245,000.00	245,877.10	245,000.00	1.950	FDIC	1.952	1,187	09/30/2020
74267GVT1	11244	Private Bank & Trust Co #33306		03/30/2017	245,000.00	245,102.90	245,000.00	2.200	FDIC	2.201	1,733	03/30/2022
795450XG5	11200	Sallie Mae Bank		12/09/2015	245,000.00	247,697.45	245,000.00	2.200	FDIC	2.202	1,257	12/09/2020
8562846V1	11241	STATE BANK of INDIA		03/14/2017	245,000.00	246,884.05	245,000.00	2.350	FDIC	2.351	1,717	03/14/2022
87164YGO0	11157	Synchrony Bank Retail		04/28/2015	245,000.00	246,621.90	245,000.00	1.900	FDIC	1.902	1,017	04/13/2020
94768NJD7	1081	Webster Bank #18221		12/12/2012	245,000.00	244,813.80	245,000.00	1.000	FDIC	1.001	164	12/12/2017
9497485K9	11210	Wells Fargo Bank		06/01/2016	245,000.00	243,069.40	245,000.00	1.250	FDIC	1.250	702	06/03/2019
9497638H8	11228	Wells Fargo Bank		09/28/2016	245,000.00	237,828.85	245,000.00	1.700	FDIC	1.701	1,550	09/28/2021
98157BP6	11180	WORLD FOREMOST BANK		07/16/2015	200,000.00	202,352.00	200,000.00	2.400	FDIC	2.403	1,111	07/16/2020
Subtotal and Average					13,597,000.00	13,590,482.78	13,596,854.26			1.605	921	

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		Total and Average	190,067,605.41		185,497,583.33	185,134,976.11	185,356,188.26			1.213	483



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CITY OF TORRANCE
FISCAL AGENT FOR SUCCESSOR RDA
RESTRICTED
CASH BALANCE REPORT
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	Book Value
Bank of America City of Torrance Successor RDA Agency Account # xx-046	5,111.28
Bank of America City of Torrance Successor RDA Agency - Low Mod Account # xx-140	0.00
Local Agency Investment Fund (L.A.I.F.) City of Torrance Successor RDA Agency Account# -xx-072	<u>2,387,721.17</u>
TOTAL	<u><u>\$ 2,392,832.45</u></u>

Cash Investments Held by Fiscal Agent
Quarter Ending June 30, 2017

Torrance Improvements		Over/Under Funded Reserve(1):(2) (Market Value)	Reserve Requirement (1)	Book Value	Market Value (2)	Yield	Investment Description	Credit Rating
Bank of New York Mellon						0.00%	Cash Balance	
City of Torrance COP REF 2009 Escrow 2016						0.59%	US Treasury CTF Maturity 09/01/17	
						0.72%	US Treasury NOTE Maturity 03/01/18	
						0.82%	US Treasury NOTE Maturity 09/01/18	
						0.90%	US Treasury NOTE Maturity 03/01/19	
Escrow Acct #182138	18,241,704.66	0.00	18,241,704.66	18,241,704.66	18,241,704.66	0.97%	US Treasury NOTE Maturity 09/01/19	
REF COP 2009 Total:	18,241,704.66	0.00	18,241,704.66	18,241,704.66				
Bank of New York Mellon								
City of Torrance COP Series 2014								
Lease Payment Fund Acct #528184	12,716.20	2,478,043.76	(2,465,327.56)	12,716.20		0.00%	Cash Balance	
						0.00%	Blackrock Liquidity TEMP Fund# 24 CUSIP: X9USD0BLAK	AA+
						1.01%	Federal National Mortgage Assoc Maturity 10/24/19	AA+
						1.87%	Federal Home Loan Banks Maturity 12/11/20	NR
						3.92%	Private Export Funding Corp Maturity 12/15/21	
Reserve Fund Acct #528185	2,436,800.86	0.00	2,436,800.86	2,436,800.86	2,436,800.86	0.00%	Blackrock Liquidity TEMP Fund# 24 CUSIP: X9USD0BLAK	
COP 2014 Total:	2,449,517.06	2,478,043.76	(28,526.70)	2,449,517.06				
Bank of New York Mellon								
Torrance REF COP 2016 Lease PMT FD								
Lease Payment Fund Acct #182133	87.16	0.00	87.16	87.16		0.00%	Morgan Stanley Treas Sec Portfolio CUSIP: X9USDMORS	
Torrance REF COP 2016 Project Fund								
Project Fund Acct #361715	5,476,818.62	0.00	5,476,818.62	5,476,818.62	5,476,818.62	0.00%	Morgan Stanley Trsy Sec Inst 8305 CUSIP: X9USDMORS	
COP 2016 Total:	5,476,905.78	0.00	5,476,905.78	5,476,905.78				
Redevelopment Successor Agency								
Bank of New York Mellon								
Torrance RDA (Downtown) 98A (matures Sept. 1, 2028)								
Interest Acct # 428478	3.52	0.00	3.52	3.52	3.52	0.00%	Fidelity Invest M Mkt Trsy 696 CUSIP: X9USD0002	AA+
						1.01%	Federal National Mortgage Assoc Maturity 10/24/19	AA+
						1.87%	Federal Home Loan Banks Maturity 12/11/2020	NR
						3.92%	Private Export Funding Corp Maturity 12/15/2021	
Reserve Acct # 428469	580,888.66	586,890.00	(6,001.34)	580,888.66	580,888.66	0.00%	Cash Balance	
RDA (Downtown) 98A Total:	580,892.18	586,890.00	(5,997.82)	580,892.18	580,892.18	0.00%	INVESCO Prime Private 1921 CUSIP: X9USDINPE	
Torrance RDA (Ind Dev) 98B								
Interest Acct # 428529	4.65	0.00	4.65	4.65	4.65	0.00%	Fidelity Treasury M MKT #696 CUSIP: X9USD0002	AA+
						1.01%	Federal National Mortgage Assoc Maturity 10/24/19	AA+
						1.51%	Federal National Mortgage Assoc Maturity 10/22/20	

Cash Investments Held by Fiscal Agent
Quarter Ending June 30, 2017

	1.87%	Federal Home Loan Banks Maturity 11/29/21	AA+
Reserve Acct # 428517 (GIC Agreement)	0.00%	INVESCO Prime Private 1921 CUSIP: X9USDINPE	
	0.00%	Cash Balance	
RDA (Ind Rev) 988 Total:			
Tarrance RDA (Industrial) 99C (matures Sept. 1, 2028)			
Interest Acct # 428877	0.00%	Fidelity Treasury M MKT #695 CUSIP: X9USD0002	AA+
	1.20%	Federal Farm Credit Banks Maturity 02/13/2019	AA+
	1.51%	Federal National Mortgage Assoc Maturity 10/22/20	NR
	3.92%	Private Export Funding Corp Maturity 12/15/2021	
	0.00%	MBIA FINL Guaranty Ins Policy No.29278	
	0.00%	Fidelity Invst MM TSY 3 #696 CUSIP: X9USD0002	
	0.00%	Fidelity Invst M MKT Tsy 696 CUSIP: X9USD0002	
Reserve Acct # 428882			
RDA (Industrial) 99C Total:			

	Book Value	Reserve Requirement	Over/Under () Funded Reserve (1)-(2) (Market Value)	Market Value
	1,030,143.66	1,037,984.75	(7,841.09)	1,030,143.66
	1,030,148.31	1,037,984.75	(7,836.44)	1,030,148.31
RDA (Industrial) 99C Total:				
	1,286,987.83	1,300,480.00	(13,492.17)	1,286,987.83
	1,286,995.55	1,300,480.00	(13,484.45)	1,286,995.55

(1) Reserve requirements may be overfunded due to an accumulation of funds which are adjusted at every scheduled payout.

These funds will be transferred to the lease payment/principal/interest account when interest/principal payouts are made by the City.

(2) Over/under funded reserve requirements is for memorandum purposes only. Reserve requirements as outlined in the bond indenture require that at time (day of) of semi-annual payments to bondholders that the market value of the investments held in reserve is equal to the reserve requirement. Due to market fluctuations throughout the year it is normal to see both over and under funded situations.

CITY OF TORRANCE

INTEROFFICE COMMUNICATION

DATE: 8/7/17

TO: Dana Cortez, City Treasurer
 FROM: Joyce Reyes, Accounting Manager *JR*
 SUBJECT: Cash & Investments Report for June 2017

CASH AND INVESTMENTS RECONCILIATION AS OF JUNE 30, 2017 (PRE-CLOSE)

INVESTMENTS PER PORTFOLIO SUMMARY		\$ 185,356,188.26
Cash in Bank of America General Account	\$ 7,427,288.38	
Cash in Bank of America Housing Account	<u>3,389,029.79</u>	10,816,328.17
		\$ 196,172,516.43
TOTAL FUNDS PER INVESTMENT REPORT		
OUTSTANDING WARRANTS:		
General Account	\$ (1,133,011.06)	
Payroll Account	(94,540.19)	
Workers' Compensation Account	(181,279.50)	
Housing Account	<u>(847.00)</u>	(1,409,677.75)
DEPOSITS IN TRANSIT:		
June 2017 Deposits in transit	\$ 6,781.01	
June 2017 Global Water cash collection	<u>484,538.58</u>	501,319.60
MISCELLANEOUS OUTSTANDING ADJUSTMENTS:		
IVR & Parking Web credit card receipts will be interfaced in August 2017	\$ (63,565.76)	
02/28/17 LAIF deposit interface error - correction was interfaced on 08/07/17	(0.01)	
03/22/17 Positive Pay Exception for Check #476218-Reimbursement pending	103.63	
04/13/17 Federal Home Loan Bank interest - interface error - correction was interfaced on 08/07/17	2,375.00	
04/13/17 Federal Home Loan Bank interest - interface error - correction was interfaced on 08/07/17	2,562.50	
04/13/17 Federal Home Loan Mortgage Association - interface error - correction was interfaced on 08/07/17	189.38	
06/19/17 Bank of America wire to Union Bank - transaction was interfaced on 08/07/17	88,629.91	
06/22/17 Asset forfeiture deposit - transaction was interfaced on 07/05/17	(1,845.61)	
05/18/17 Union Bank Interest - Investment No. 11180 - transaction will be interfaced on 08/07/17	(394.52)	
06/24/17 Union Bank Investment No. 11182 - transaction will be interfaced in August	(24,270.00)	
06/28/17 KATAHDON Trust Investment No. 11129 - transaction was interfaced on 08/07/17	436.97	
06/30/17 Union Bank MMA Interest - transaction was interfaced on 08/07/17	<u>463.15</u>	4,884.64
		\$ 196,269,042.82
TOTAL CASH AND INVESTMENTS PER BOOKS		

Notes to Investment Report

1. REPORTING ENTITY

City of Torrance was established May 31, 1921 and adopted a city charter form of government on January 7, 1947.

Under City Charter section 630 CITY TREASURER. It shall be the duty of the City Treasurer to receive and safely keep all moneys which shall come into his/her hands as City Treasurer. He/She shall comply with all provisions of law governing the deposit and securing of public funds. He/She shall also comply with all the provisions of the general laws of the State governing the handling of such trust funds as may come into his/her possession. He/She shall pay out moneys only on warrants signed by persons designated by law, or ordinance, as the proper persons to sign warrants and as to trust funds which may come into his/her possession or control by virtue of some law, ordinance or resolution, by warrant or other order, in accordance with the provisions of such law, ordinance or resolution. He/She shall at regular intervals, at least once each month, submit to the Director of Finance a written report and accounting of all receipts, disbursements and fund balances, a copy of which report he/she shall file with the City Council.

The City Treasurer may appoint a deputy, or deputies, from an eligible list to be prepared in accordance with the proceedings prescribed in the civil service system of the City, such deputy or deputies to receive such compensation as may be provided by the City Council. (Ratified Gen. Mun. Elec. 4/10/56, Amend. No. 8; Approved by State Legislature Concurrent Res. No. 3 on 1/9/57).

2. BASIS FOR REPORTING

This Investment Report has been prepared in accordance with the State of California Government Code §53600 and City of Torrance Investment Policy as noted in the City Charter. The City of Torrance Investment Policy is approved and adopted annually by City Council. The Investment Policy is annually submitted by the City Treasurer to the Investment Advisory Committee for review before being forwarded to the City Council. The investment Advisory Committee is made up of City Treasurer, City Manager, City Attorney, Finance Director, and Deputy City Treasurer.

3. ASSUMPTIONS

The Investment Report represents a specific snapshot in time and is compared to other market performers during that same period which includes but is not limited to: Constant Maturing Treasury 2-year term rates, Local Agency Investment Fund (State of California), and prior year performance. All investment activity calculations are results from SymPro portfolio management software v7.3.6.

Adjusted by Premiums/Discounts represent the premium/discount cost involved to secure higher or lower yield securities. The cost of the premium or discount is amortized down or up to par over the life of the bond until reaching maturity. By amortizing, the amount of taxable interest is reduced for each year the city owns the bond. This is because the amortized premium or discount offsets the ordinary income of the coupon payment.

There is no capital loss or gain to report if bonds are kept to maturity.

Notes to Investment Report

4. COMPLIANCE

The Investment Report is required to be submitted to City Council on a monthly basis. State of California statutes requires quarterly reporting. GASB 31 section requires market changes be booked annually but reported monthly as part of this report. SB 564 requires quarterly reporting to the legislative body.

5. LAIF RISK

LAIF statute §16429.3 Deposits; prohibited transfers and loans; impoundment or seizure: Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:

- a. Transfer or loan pursuant to Section 16310, 16312, or 16313.
- b. Impoundment or seizure by any state official or state agency

LAIF statute §16429.4 Right of withdrawal:

The right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year.

Additional information about LAIF may be found on the California State Treasurer Website:

<http://www.treasurer.ca.gov/pmia-laif/answer/laifstatutes.asp>

Glossary

AGENCIES. Also referred to as Federal Agencies or Fed Agencies and include such organizations or enterprises as the: Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), Federal Farm Credit Banks (FFCB), and Government National Mortgage Association (GNMA). See FEDERAL AGENCIES or the specific organization/enterprise in this glossary for additional information.

AMORTIZATION. The spreading out of capital expenses for intangible assets over a specific period of time (usually over the asset's useful life) for accounting and tax purposes. Amortization is similar to depreciation, which is used for tangible assets, and to depletion, which is used with natural resources.

ASKED. The price at which securities are offered.

BANKER'S ACCEPTANCE ("BA"). A draft, bill, or exchange accepted by a bank or a trust company. Both the issuer and the accepting institution guarantee payment of the bill.

BASIS POINT. Common unit of measure used for expressing changes in interest rates; one basis point equates to 1/100th of 1%. (i.e. 0.1% equals 10 basis points.)

BID. The price offered by a buyer of securities (when one sells securities, one asks for a bid). See "Offer".

BOND. Bonds are commonly referred to as fixed-income securities and are one of the three main generic asset classes, along with stocks (equities) and cash equivalents. Many corporate and government bonds are publicly traded on exchanges, while others are traded only over-the-counter (OTC).

BROKER. A broker is an individual or firm that charges a fee or commission for executing buy and sell orders submitted by an investor. It is also the role of a firm when it acts as an agent for a customer and charges the customer a commission for its services.

BULLET BOND. Bullet Bonds are non-callable bonds, which cannot be redeemed early by the issuer.

CALLABLE BOND. A bond that can be redeemed by the issuer earlier than the bond's maturity date. Callable bonds with specific details as to when the bond may be called back are noted. Embedded options attached to callable bonds detail how the issuer may "call" back the security. Three forms of embedded options for callable bonds are:

- *American Option:* Bond may be called back by the issuer at any time after the lockout period expires. (continuously callable)
- *Bermudian Option:* The issuer has the right to call the bond on the predetermined interest payment dates only.
- *European Option:* Allows the holder to exercise the option (i.e. to buy) only on the option expiration date.
- **1X:** One time callable only
- **6M:** Callable only after predetermined 6 month lockout period.

CERTIFICATE OF DEPOSIT ("CD"). A time deposit with a specific maturity, as evidenced by a certificate. Large-denomination CDs are typically negotiable. A certificate of deposit (CD) is a savings certificate entitling the bearer to receive interest. A CD bears a maturity date, a specified fixed interest rate and can be issued in any denomination. CDs are generally issued by commercial banks and are insured by the FDIC. The term of a CD generally ranges from one month to five years.

Glossary

COLLATERAL. Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMPREHENSIVE ANNUAL FINANCIAL REPORT ("CAFR"). The official annual report for the City of Torrance. It includes combined statements for each individual fund and account group, which are prepared in conformity with GAAP. It also includes supporting schedules that are necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed statistical section.

CORPORATE BOND/NOTES. A debt security issued by a corporation and sold to investors. The backing for the bond is usually the payment ability of the company, which is typically money to be earned from future operations.

COUPON. The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. It can also be a certificate attached to a bond, which evidences interest due on a payment date. The annual interest rate paid on a bond, expressed as a percentage of the face value.

DEALER. A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT. There are two methods of delivery of securities: (1) delivery versus payment (DVP); and (2) delivery versus receipt (DVR). DVP is delivery of securities with an exchange of money for the securities. DVR is delivery of securities with an exchanged of a signed receipt for the securities.

DERIVATIVES. (1) Financial instruments that are linked to, or derived from, the movement of one or more underlying indexes or securities, and may include a leveraging factor; or (2) financial contracts based upon a notional amount whose value is derived from an underlying index or security (e.g., interest rates, foreign exchange rates, equities, or commodities).

DISCOUNT. The difference between the acquisition cost of a security and its value at maturity, when quoted at lower than face value. A security that sells below original offering price shortly after sale is also considered to be at a discount. In finance, discount refers to the condition of the price of a bond that is lower than par, or face value. The discount equals the difference between the price paid for a security and the security's par value.

DISCOUNT SECURITIES. Non-interest bearing money market instruments that are issued a discount and that are redeemed at maturity for full face value (e.g., U.S. Treasury Bills).

DIVERSIFICATION. Dividing investment funds among a variety of securities that offer independent returns.

FEDERAL AGENCIES. Special government organizations set up for a specific purpose such as the management of resources, financial oversight of industries or national security issues. These organizations are typically created by legislative action, but may initially be set up by a Presidential Order as well. The directors of these agencies are typically selected by Presidential appointment. A number of these organizations issue securities such as stocks and bonds that have been historically popular with investors. Agencies of the Federal Government that were established to supply credit to various classes of institutions and individuals (e.g., S&Ls, small business firms, students, farmers, farm cooperative, and exporters).

FEDERAL DEPOSIT INSURANCE CORPORATION ("FDIC"). A federal agency that insures bank deposits, currently up to \$ 250,000.00 per deposit.

FEDERAL FARM CREDIT BANK ("FFCB"). In the United States, a network of federally-chartered financial institutions

Glossary

designed to provide credit-related services to the agricultural and farming sectors of the economy. In total, this government-sponsored enterprise comprises approximately 100 financial institutions that serve all 50 states and Puerto Rico

FEDERAL FUNDS RATE. The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS ("FHLB"). Government-sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions, and insurance companies. The mission of the FHLBs is to liquefy the housing-related assets of its member, who must purchase stock in their District Bank. FHLB - An organization created by the Federal Home Loan Bank Act of 1932 to increase the amount of funds available for lending institutions who provide mortgages and similar loan agreements to individuals. This system was created in response to the depressive economic conditions of the era, which had impaired the U.S. banking system.

FEDERAL HOME LOAN MORTGAGE CORP ("Freddie Mac or FHLMC"). FHLMC is a stockholder-owned, government-sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle income Americans. The FHLMC purchases, guarantees and securitizes mortgages to form mortgage-backed securities. The mortgage-backed securities that it issues tend to be very liquid and carry a credit rating close to that of U.S. Treasuries.

FEDERAL NATIONAL MORTGAGE ASSOCIATION ("FNMA"). FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act of 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assures and guarantees that all security holders will receive timely payment of principal and interest. Fannie Mae is a publicly-traded company which operates under a congressional charter that directs Fannie Mae to channel its efforts into increasing the availability and affordability of homeownership for low-, moderate- and middle-income Americans.

FEDERAL OPEN MARKET COMMITTEE ("FOMC"). The FOMC consist of seven members of the Federal Reserve Board and five of the 12 Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of government securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM. Also known as "The Fed." The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 regional banks, and about 5,700 commercial banks that are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATIONS ("GNMA" or "Ginnie Mae"). Securities that influence the volume of bank credit that is guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. The full faith and credit of the U.S. Government protect a security holder. Ginnie Mae securities are backed by the FHA, VA, or FMHM mortgages. The term "pass-through" is often used to describe Ginnie Maes.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD ("GASB"). An organization whose main purpose is to improve and create accounting reporting standards or generally accepted accounting principles (GAAP). These standards make it easier

Glossary

for users to understand and use the financial records of both state and local governments. The Government Accounting Standards Board (GASB) is funded and monitored by the Financial Accounting Foundation (FAF).

IMPLIED RATING ("IMP"). Government Sponsored Enterprises ex: Federal Home Loan Bank, Federal Home Loan Mortgage Corp, Federal National Mortgage Association each carrier the rate of the US Treasury. There are GSE that are not officially rated by a credit rating agency but carry an implied rating because they are GSE. An example of this is Farmer Mac.

LIQUIDITY. A Liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow, and reasonable size can be done at those quotes.

LOCAL AGENCY INVESTMENT FUND ("LAIF"). Monies from local governmental units may be remitted to the California State Treasurer for deposit in this special fund for the purpose of investment. **LOCKOUT (BOND FEATURE).** The period of time when a security may not be redeemed by the issuer.

LOCKOUT (BOND FEATURE). The period of time when a security may not be redeemed by the issuer.

MARKET VALUE. The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT. A written contract covering all future transactions between the parties to repurchase-reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer (lender) to liquidate the underlying securities in the event of default by the seller (borrower).

MATURITY. The date upon which the principal or stated value of an investment becomes due and payable.

Medium Term Notes - A corporate note continuously offered by a company to investors through a dealer. Investors can choose from differing maturities, ranging from nine months to 30 years.

MONEY MARKET. The market in which short-term debt instruments (e.g., bills, commercial paper, and banker's acceptances) are issued and traded.

OFFER. The price asked by a seller of securities (when one buys securities, one asks for an offer). See "Asked" and "Bid."

OPEN MARKET OPERATIONS. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank, as directed by the FOMC in order to influence the volume of money and credit in the economy.

Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO. A collection of securities that an investor holds.

PREMIUM - A premium is the total cost of an option. The difference between the higher price paid for a fixed-income security and the security's face amount at issue.

PRIMARY DEALER. A group of government securities dealers that submit daily reports of market activity and positions, and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) — registered securities broker-dealers, banks, and a

Glossary

few unregulated firms.

PRUDENT INVESTOR RULE. An investment standard. A fiduciary, such as a trustee, may invest in a security if it is one that would be bought by a prudent investor acting in like capacity, who is seeking reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES. A financial institution that: (1) does not claim exemption from the payment of any sales, compensating use, or ad valorem taxes under the laws of this State; (2) has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability; and (3) has been approved by the Public Deposit Protections Commission to hold public deposits.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT ("RP" OR "REPO"). A holder of securities sells them to an investor with an agreement to repurchase the securities at a fixed price on a fixed date. The security "buyer" in effect, lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him for this. Dealers use RP extensively to finance their positions. Exception: when the Fed is said to be doing RP, it is lending money (increasing bank reserves).

SAFEKEEPING. A service to customers rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET. A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES AND EXCHANGE COMMISSION. An agency created by Congress to administer securities legislation for the purpose of protecting investors in securities transactions.

SEC RULE 15c3-1. See "Uniform Net Capital Rule." SEC Rule 15c3-1 requires broker-dealers to maintain the following minimum net capital requirements in order to offer sufficient protection for the firm's customers:

- \$250,000 for broker-dealers who conduct general securities business and carry customer funds and securities
- \$50,000 for broker-dealers who introduce accounts to another broker-dealer on a fully disclosed basis, receive but do not hold customer securities for delivery to the clearing broker-dealer and do not carry customer accounts
- \$25,000 for broker-dealers that only handle mutual fund transactions and do not hold customer funds or securities
- \$5,000 for broker-dealers who do not directly or indirectly receive securities from customers (known as introducing brokers)

Step-Up Bond. A bond that pays an initial coupon rate for the first period, and then a higher coupon rate for the following periods. A step-up bond is one in which subsequent future coupon payments are received at a higher, predetermined amount than previous or current periods. These bonds usually have a callable component.

STRUCTURED NOTES. Notes issued by instrumentalities (e.g., FHLB, FNMA, SLMA) and by corporations, that have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) in their debt structure. The market performance of structured notes is affected by fluctuating interest rates; the volatility of imbedded options; and shifts in the yield curve.

Glossary

TREASURY BILLS. A non-interest-bearing discount security that is issued by the U.S. Treasury to finance the national debt. Most T-bills are issued to mature in three months, six months, or one year.

TREASURY BONDS. Long-term, coupon-bearing U.S. Treasury securities that are issued as direct obligations of the U.S. Government, and having initial maturities of more than 10 years.

TREASURY NOTES. Medium-term, coupon-bearing U.S. Treasury securities that are issued as direct obligations of the U.S. Government, and having initial maturities of two to 10 years. U.S. Notes - A treasury note is a marketable U.S. government debt security with a fixed interest rate and a maturity between one and 10 years. Treasury notes can be bought either directly from the U.S. government or through a bank.

UNIFORM NET CAPITAL RULE. SEC requirement that member firms, as well as non-member broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15 to one. Also called net capital rule and net capital ratio. Indebtedness covers all money that is owed to a firm, including margin loans and commitments to purchase securities (one reason that new public issues are spread among members of underwriting syndicates). Liquid capital includes cash and assets easily converted to cash.

YIELD. The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD OR YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

Sources:

www.investopedia.com,

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION (CDIAC) California Public Fund Investment Primer, December 2009

