

Council Meeting of  
July 13, 2010

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

Members of Council:

**SUBJECT: Accept and file Investment Reports for May 2010**

**RECOMMENDATION**

Recommendation of the City Treasurer that City Council accept and file the attached monthly investment report for the month of May 2010.

**FUNDING**

Not applicable

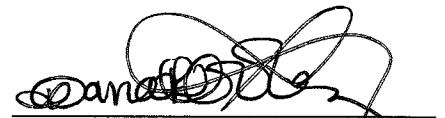
**BACKGROUND**

On December 08, 2009, Your Honorable Body, through passage of Resolution 2009-118, adopted an official "Statement of Investment Policy" as recommended by the City Treasurer. The City's Statement of Investment Policy requires the City Treasurer to report a monthly statement of investment activity. This requirement was providing the attached report, which demonstrates the City of Torrance investment activity during the month of May 2010.

**Investment Committee Note**

The Investment Committee, made up of the Finance Director, City Manager, Assistant City Attorney, and City Treasurer, as created by your Honorable Body, has reviewed the attached report and find that it is in concurrence with the City of Torrance Investment Policy.

Respectfully submitted,

  
for Linda M. Barnett  
City Treasurer

Noted:

  
LeRoy J. Jackson  
Investment Committee Member  
  
CC: City Manager  
City Clerk

## CITY OF TORRANCE

MONTHLY INVESTMENT PORTFOLIO REPORT  
For the Month of May 2010Table of Contents

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**City of Torrance  
Investment Portfolio Highlights  
For May 2010**

**RETURN**

	<u>Current Month</u>	<u>Previous Month</u>
Average City Portfolio YTM	1.948	2.189
Average U.S. Treasury Constant Maturity	.760	.970
LAIF Average Monthly Return	.560	.588
Average City Portfolio YTM - 1 year prior	3.138	3.285

**INTEREST INCOME**

	<u>Current Period</u>	<u>Prior Year</u>
Fiscal year to date	4,074,783	6,605,922
Current month	298,141	519,603

**MATURITY**

	<u>Current Month</u>	<u>Prior Month</u>
Average Maturity (days)	813	815
Average Maturity 1 Year Prior (days)	774	813
Weighted Average Maturity (years)	2.23	2.23

**VOLUMES**

	<u>Total \$ Volume</u>	<u># of Transactions</u>
Purchases	50,120,149	28
Maturities	50,308,494	28

Transactions include 6 deposits to and 8 withdrawals from LAIF, 11 purchases and 6 maturities of the Union of Bank Money Market Sweep Account.

**VALUE OF PORTFOLIO PER GASB STATEMENT NO. 31**

<u>GASB required securities</u>	<u>Beginning Investment Value as of July 1, 2009</u>	<u>Purchase/Redempt. Of Principal</u>	<u>Change in Market Value</u>	<u>Ending Investment Value as of May 31, 2010</u>
Federal Agency (coup)	113,311,155	-15,959,122	-320,289	97,031,744
Treasury Securities	4,111,960	-3,000,000	-107,470	1,004,490
Medium Term Notes	21,408,439	-8,382,358	306,019	13,332,100
Municipal Bonds	1,056,794	-272,952	0	783,842
<b>SUB-TOTAL PER GASB 31</b>	<b>139,888,348</b>	<b>-27,614,432</b>	<b>-121,740</b>	<b>112,152,176</b>
<u>Non-GASB securities</u>				
LAIF	50,300,000	5,900,000	0	56,200,000
Money Market	0	7,005,022	0	7,005,022
Federal Agency – Disc.	0	-18,704	18,704	0
Treasury Security – Disc.	0	0	0	0
Certificate of Deposits -Disc.	200,000	-200,000	0	0
Negotiable Certificate Deposits		2,450,000	0	2,450,000
Commercial paper	0	0	0	0
<b>TOTAL PORTFOLIO</b>	<b>190,388,348</b>	<b>-12,478,114</b>	<b>-103,036</b>	<b>177,807,198</b>

The market values contained on this report are received from Union Bank of California and are believed to be reliable.

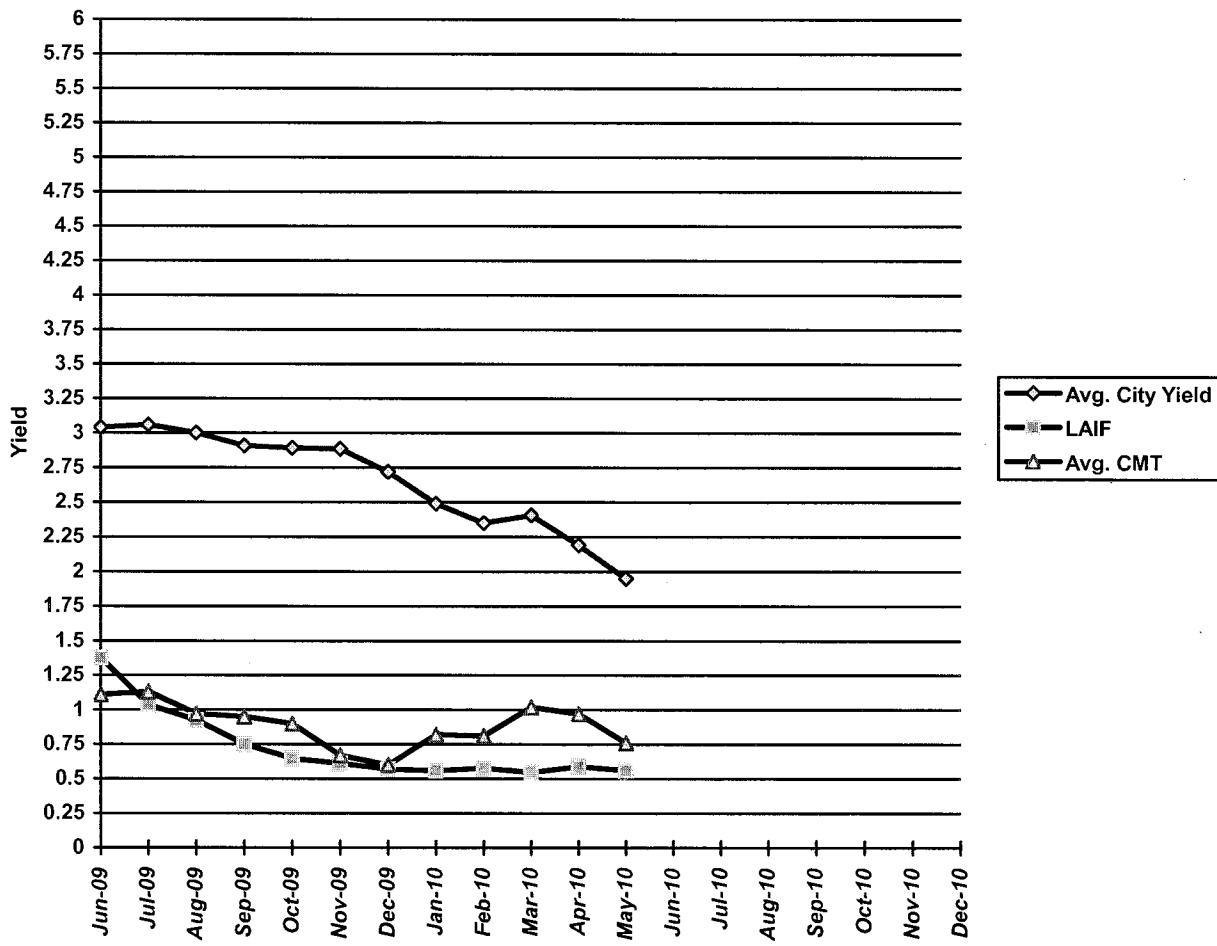
# CITY OF TORRANCE

## City Treasurer's Office

*Monthly Investment Report Summary  
For the month of May 2010*

### I. Return

38.66% of the portfolio is invested at one-year maturity or less as of May 31, 2010. The City Average yield on the portfolio was 1.948% compared to .760% for the U.S. Treasury at Constant Maturity (CMT) of 24 months. The portfolio performed above the benchmark as of May 31, 2010 by 119 basis points.



### II. Volumes

The investment activity for May included 11 deposits and 6 redemption in the Union Bank of California money market account.

### III. Diversification of Investments

In the month of May there were 11 purchases for a total of \$14.5 million with an average yield of 2.80%. There were 2 redemptions and 12 calls for a total of \$20.5 million with an average yield of 3.202%. The activity in the LAIF Account consisted of 5 deposit for a total of \$17.0 million and 7 withdrawals for a total of \$9.2 million. \$7 million remained in Union Bank Money Market account for future purchases. The portfolio increased by \$8.8 million.

<u>Asset Category</u>	<u>May</u>	<u>April</u>
1. LAIF	31.83	28.54
2. Certificate of Deposits	.00	.00
3. Negotiable Cert. of Deposits	1.39	1.44
4. Money Market Sweep	3.97	.00
5. Federal Agency Issues(coup)	54.40	60.68
6. Federal Agency Issues(disc)	0.00	0.00
7. Treasury Securities	.57	1.18
8. Treasury Securities(disc)	0.00	0.00
9. Medium Term Notes	7.40	7.70
10. Municipal Bonds	.44	.46
11. Commercial Paper(disc)	0.00	0.00
	100.00%	100.00%

### IV. Maturity

As of May 31, 2010, the current maturity allocation is 22.23% of the portfolio invested between the 6 month to 3-year maturity levels. 36.96% of our portfolio is under the 0-6 month maturity level, we are adequately meeting the 6-month liquidity requirement of SB 564\* with approximately \$65.20 million available for expenditures.

<u>As of Maturity</u>	<u>May</u>	<u>April</u>
0 to 6 months	36.96%	31.00%
6 months to 1 year	1.70%	1.77%
1 to 2 years	4.81%	6.17%
2 to 3 years	15.72%	22.50%
3 to 4 years	17.57%	19.13%
4 to 5 years	23.24%	19.43%
5 years and after	.00%	.00%
	100.00%	100.00%

### V. Value

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 greater 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.

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 moneys 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.

**City of Torrance**  
**Investment Portfolio Summary**  
**As of May 31, 2010**

Investment Type	Book Value	Percent of Portfolio	Percent Permitted by Policy	Average Term	Average Days to Maturity	Maturity Allowed by Policy	365 Equiv.
Local Agency Investment Fund	56,200,000	31.83%	**	1	1	N/A	.560%
Certificates of Deposit - Collateralized	00	.00		180	0	5 years	.00%
Negotiable CDs	2,450,000	1.39		1,023	782	5 years	2.145%
Money Market Sweep Account	7,005,023	3.97%		0	0		.07%
Federal Agency Issues - Coupons	96,046,265	54.40%	75%	1,565	1,319	5 years	2.705%
Farmer Mac	0	0.00%	30%			5 years	
Federal Farm Credit Bank	25,547,807	14.54%	30%	1,163	1,342	5 years	2.575%
Federal Home Loan Bank	31,499,228	17.97%	30%	1,145	1,212	5 years	2.018%
Federal Home Loan Mortgage Corp.	17,999,229	10.19%	30%	1,332	1,432	5 years	2.576%
Federal National Mortgage Assoc.	21,000,000	11.91%	30%	1,098	1,349	5 years	2.253%
Treasury Securities - Coupons	999,803	.57%	100%	1,816	44	5 years	4.057%
Medium Term Notes	13,059,407	7.40%	20%	1,266	829	5 years	2.805%
Municipal Bond Issues - Coupon	783,841	.44%		3,848	761		7.999%
Total Investments & Averages	176,544,339	100.00		987	794		1.948%
Effective Rate of Return		Month Ending 2.07%	Fiscal YTD 2.78%				
Pending Redemptions	0						
Accrued Interest at Purchase	29,494						
Total Accrued Interest	29,494						
<b>TOTAL CASH &amp; INVESTMENTS</b>	<b>176,573,833</b>						

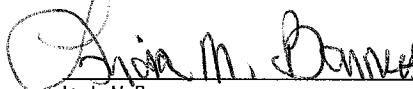
Portfolio Notes:

\*\*Maximum allowed by Investment Policy is \$50 million per agency.

General LAIF account = \$ 48,000,000

ROA LAIF account = \$ 8,000,000

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 09-118 on December 8, 2009. A copy of this policy is available at the office of the City Clerk. The investment program herein shown provides sufficient cash flow liquidity to meet six months of estimated expenditures.



Linda M. Barnett  
City Treasurer

Reviewed by the Investment Advisory Committee:



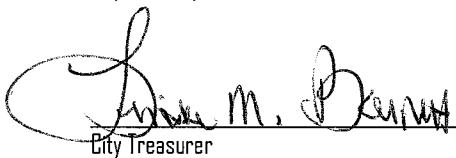
City Manager



City Attorney



Director of Finance



City Treasurer

**City of Torrance  
Portfolio Management  
Activity Summary**

**May 2009 through May 2010**

Month End	Year	Number of Securities	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Days to Maturity
			360	Equivalent					
May	2009	102	188,346,744.47	3.095	3.138	1.530	8	9	1,053
June	2009	103	186,356,879.12	2.999	3.041	1.377	6	5	1,068
July	2009	100	172,896,716.22	3.016	3.058	1.035	4	8	1,192
August	2009	102	163,098,619.91	2.958	2.999	0.925	9	7	1,212
September	2009	108	158,250,967.29	2.868	2.908	0.750	6	6	1,210
October	2009	106	153,201,872.01	2.851	2.890	0.646	4	3	1,232
November	2009	100	149,620,161.47	2.858	2.898	0.611	0	3	1,242
December	2009	102	148,276,586.11	2.681	2.718	0.569	8	6	1,225
January	2010	103	154,340,502.72	2.454	2.488	0.560	7	6	1,111
February	2010	102	164,020,836.85	2.322	2.354	0.577	7	9	1,052
March	2010	105	161,231,038.66	2.372	2.405	0.547	7	4	1,116
April	2010	102	160,143,409.68	2.138	2.168	0.588	7	10	810
May	2010	99	169,888,452.49	1.922	1.948	0.560	11	14	987
	Average	103	163,821,773.91	2.656%	2.693%	0.790	6	7	1,135
									835

**City of Torrance  
Portfolio Management  
Interest Earnings Summary  
May 31, 2010**

	May 31 Month Ending	Fiscal Year To Date
<b>CD/Coupon/Discount Investments:</b>		
Interest Collected	334,008.86	4,238,422.68
Plus Accrued Interest at End of Period	797,103.14	795,515.39
Less Accrued Interest at Beginning of Period	( 860,057.21)	( 1,346,737.81)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	<u>271,054.79</u>	<u>3,687,200.26</u>
Adjusted by Premiums and Discounts	-3,633.73	-15,619.15
Adjusted by Capital Gains or Losses	5,502.07	175,161.55
Earnings during Periods	<u>272,923.13</u>	<u>3,846,742.66</u>
 <b>Pass Through Securities:</b>		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	( 0.00)	( 0.00)
Less Accrued Interest at Purchase During Period	( 0.00)	( 0.00)
Interest Earned during Period	<u>0.00</u>	<u>0.00</u>
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	<u>0.00</u>	<u>0.00</u>
 <b>Cash/Checking Accounts:</b>		
Interest Collected	22.97	362,895.93
Plus Accrued Interest at End of Period	683,486.06	683,486.06
Less Accrued Interest at Beginning of Period	( 658,290.66)	( 818,341.29)
Interest Earned during Period	<u>25,218.37</u>	<u>228,040.70</u>
Total Interest Earned during Period	<b>296,273.16</b>	<b>3,915,240.96</b>
Total Adjustments from Premiums and Discounts	-3,633.73	-15,619.15
Total Capital Gains or Losses	5,502.07	175,161.55
Total Earnings during Period	<b>298,141.50</b>	<b>4,074,783.36</b>

**City of Torrance  
Portfolio Management  
Portfolio Details - Investments**  
**May 31, 2010**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Maturity Date
<b>Local Agency Investment Funds</b>											
SYS10000	10000	Local Agency Invest Fund GEN'L		25/100/2009	25,100,000.00	25,100,000.00	0.560	0.560	1		
SYS10001	10001	Local Agency Invest Fund RDA		8/100/2009	8,100,000.00	8,100,000.00	0.560	0.560	1		
SYS1000a	1000A	LAIF - TRANS FUNDS		23/000/2009	23,000,000.00	23,000,000.00	0.560	0.560	1		
		<b>Subtotal and Average</b>	<b>50,131,677.42</b>		<b>56,200,000.00</b>	<b>56,200,000.00</b>	<b>0.560</b>	<b>0.560</b>	<b>1</b>		
<b>Cert. of Deposit - Insured</b>											
319180DAO	10839	First Bank Lexington Tennessee	12/16/2009	245,000.00	245,000.00	245,000.00	2.050	2.050	930	12/17/2012	
025867G32	10829	American Express Centurian	09/23/2009	245,000.00	245,000.00	245,000.00	1.800	1.800	479	09/23/2011	
05568PS17	10832	BMW Bank of North America	09/23/2009	245,000.00	245,000.00	245,000.00	2.300	2.300	846	09/24/2012	
149159GX7	10830	Cathay Bank	10/05/2009	245,000.00	245,000.00	245,000.00	1.750	1.750	491	10/05/2011	
254670QKWN1	10831	Discover Bank	09/23/2009	245,000.00	245,000.00	245,000.00	2.050	2.050	846	09/24/2012	
36159SJS1	10838	GE Money bank	12/11/2009	245,000.00	245,000.00	245,000.00	2.350	2.350	924	12/11/2012	
46147ULM0	10824	Investors Community Bank	08/24/2009	245,000.00	245,000.00	245,000.00	2.250	2.250	815	08/24/2012	
503685EA7	10823	Lake Forest B&T	08/26/2009	245,000.00	245,000.00	245,000.00	2.350	2.350	818	08/27/2012	
59740JGR4	10833	MidFirst Bank	10/14/2009	245,000.00	245,000.00	245,000.00	2.350	2.350	867	10/15/2012	
86789UBH1	10822	SunSouth Bank	08/18/2009	245,000.00	245,000.00	245,000.00	2.200	2.200	808	08/17/2012	
		<b>Subtotal and Average</b>	<b>2,450,000.00</b>		<b>2,450,000.00</b>	<b>2,450,000.00</b>			<b>2,145</b>	<b>782</b>	
<b>Money Market Sweep Account</b>											
SYS10131	10131	Bank of America			0.00	0.00	0.00	0.450	AA	0.450	
SYS1000	1000	Union Bank of California			7,005,022.97	7,005,022.97	7,005,022.97	0.070	AAA	0.070	1
		<b>Subtotal and Average</b>	<b>3,587,514.48</b>		<b>7,005,022.97</b>	<b>7,005,022.97</b>	<b>7,005,022.97</b>	<b>0.070</b>	<b>1</b>		
<b>Federal Agency Issues - Coupon</b>											
31331XT36	10678	FEDERAL FARM CREDIT BANK	08/01/2007	1,000,000.00	1,088,440.00	1,000,000.00	5.250	AAA	5.250	792	08/01/2012
31331YT42	10758	FEDERAL FARM CREDIT BANK	06/03/2008	1,000,000.00	1,000,310.00	1,000,000.00	4.240	AAA	4.240	1,098	06/03/2013
31331Y2G4	10768	FEDERAL FARM CREDIT BANK	07/01/2008	1,000,000.00	1,003,750.00	1,000,000.00	4.850	AAA	4.850	1,126	07/01/2013
31331GCF4	10776	FEDERAL FARM CREDIT BANK	09/23/2008	1,000,000.00	1,031,250.00	1,000,153.64	3.125	AAA	3.113	479	09/23/2011
31331GDF3	10779	FEDERAL FARM CREDIT BANK	10/15/2008	2,000,000.00	2,027,500.00	2,000,000.00	4.250	AAA	4.250	1,232	10/15/2013
31331GVDF8	10800	FEDERAL FARM CREDIT BANK	05/08/2009	1,000,000.00	1,020,940.00	1,000,000.00	2.200	AAA	2.200	1,042	04/08/2013
31331GYA1	10809	FEDERAL FARM CREDIT BANK	06/15/2009	2,000,000.00	2,001,260.00	1,998,640.74	2.000	AAA	2.035	745	06/15/2012
31331GH77	10818	FEDERAL FARM CREDIT BANK	08/11/2009	1,000,000.00	1,006,560.00	1,000,000.00	3.450	AAA	3.450	1,532	08/11/2014
31331GZL7	10835	FEDERAL FARM CREDIT BANK	10/27/2009	1,000,000.00	1,023,750.00	1,000,000.00	2.875	AAA	2.875	1,609	10/27/2014
31331JAA1	10842	FEDERAL FARM CREDIT BANK	12/22/2009	1,000,000.00	1,012,810.00	1,000,000.00	3.000	AAA	3.000	1,665	12/22/2014
31331GTG8	10851	FEDERAL FARM CREDIT BANK	01/14/2010	1,000,000.00	999,950.00	1,000,000.00	1.400	AAA	1.400	721	05/22/2012

Portfolio CITY

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**City of Torrance**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**May 31, 2010**

**10**

CUSIP	Federal Agency Issues - Coupon	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Maturity Date
31331JCX9	10857		FEDERAL FARM CREDIT BANK	02/02/2010		1,000,000.00	1,014,690.00	999,330.56	2.950	AAA	2.972	1,707 02/02/2015
31331JDL4	10859		FEDERAL FARM CREDIT BANK	02/11/2010		1,000,000.00	1,001,880.00	1,000,000.00	2.420	AAA	2.420	1,351 02/11/2014
31331JGW7	10864		FEDERAL FARM CREDIT BANK	03/22/2010		1,000,000.00	1,000,940.00	999,966.27	2.650	AAA	2.655	1,567 09/15/2014
31331JJU3	10866		FEDERAL FARM CREDIT BANK	03/30/2010		1,000,000.00	1,007,500.00	1,000,000.00	2.950	AAA	2.950	1,763 03/30/2015
31331JJU3	10867		FEDERAL FARM CREDIT BANK	03/30/2010		1,000,000.00	1,007,500.00	998,067.78	2.950	AAA	2.993	1,763 03/30/2015
31331JKAO	10870		FEDERAL FARM CREDIT BANK	04/09/2010		1,000,000.00	1,009,690.00	1,000,000.00	2.900	AAA	2.900	1,773 04/09/2015
31331JUF1	10873		FEDERAL FARM CREDIT BANK	04/13/2010		3,000,000.00	3,004,680.00	2,999,484.46	2.390	AAA	2.395	1,392 03/24/2014
31331XWW8	10879		FEDERAL FARM CREDIT BANK	05/05/2010		500,000.00	551,095.00	552,164.00	5.000	AAA	2.192	1,424 04/25/2014
31331JNR0	10883		FEDERAL FARM CREDIT BANK	05/18/2010		1,000,000.00	1,004,690.00	1,000,000.00	2.970	AAA	2.970	1,812 05/18/2015
31331JPH0	10887		FEDERAL FARM CREDIT BANK	05/26/2010		2,000,000.00	2,006,880.00	2,000,000.00	2.800	AAA	2.800	1,820 05/26/2015
31331XM3S8	10884		FEDERAL HOME LOAN BANK	08/27/2007		1,000,000.00	1,010,940.00	1,000,000.00	5.125	AAA	5.125	818 08/27/2012
3133XQJA1	10742		FEDERAL HOME LOAN BANK	04/15/2008		2,000,000.00	2,053,760.00	2,000,000.00	3.700	AAA	3.700	1,049 04/15/2013
3133XKRKU3	10764		FEDERAL HOME LOAN BANK	06/25/2008		1,000,000.00	1,002,500.00	1,000,000.00	4.350	AAA	4.350	755 06/25/2012
3133XT6J0	10788		FEDERAL HOME LOAN BANK	02/26/2009		2,000,000.00	2,048,120.00	2,000,000.00	2.625	AAA	2.625	1,001 02/26/2013
3133XT6W1	10789		FEDERAL HOME LOAN BANK	02/27/2009		2,000,000.00	2,043,120.00	2,000,000.00	2.150	AAA	2.150	636 02/27/2012
3133XTA97	10790		FEDERAL HOME LOAN BANK	03/06/2009		1,000,000.00	1,017,810.00	1,000,000.00	2.100	AAA	2.100	462 09/06/2011
3133XUBAO	10817		FEDERAL HOME LOAN BANK	07/30/2009		1,000,000.00	1,029,380.00	1,000,000.00	2.150	AAA	2.150	1,520 07/30/2014
3133XUNK5	10825		FEDERAL HOME LOAN BANK	08/26/2009		1,000,000.00	1,005,630.00	1,000,000.00	2.850	AAA	2.850	1,182 08/26/2013
3133XUPC1	10826		FEDERAL HOME LOAN BANK	09/15/2009		1,000,000.00	1,005,310.00	1,000,000.00	2.350	AAA	2.350	1,018 03/15/2013
3133XUPB3	10827		FEDERAL HOME LOAN BANK	09/04/2009		1,000,000.00	1,027,190.00	1,000,000.00	2.125	AAA	2.125	1,556 09/04/2014
3133XVZW4	10837		FEDERAL HOME LOAN BANK	12/30/2009		2,000,000.00	2,003,120.00	2,000,000.00	2.000	AAA	3.045	1,673 12/30/2014
3133XWDX4	10845		FEDERAL HOME LOAN BANK	01/05/2010		2,000,000.00	2,016,280.00	2,000,000.00	2.250	AAA	2.250	1,130 07/05/2013
3133XWHJ1	10846		FEDERAL HOME LOAN BANK	12/28/2009		1,500,000.00	1,518,750.00	1,500,000.00	2.050	AAA	2.050	1,123 06/28/2013
3133XWNR6	10848		FEDERAL HOME LOAN BANK	01/27/2010		2,000,000.00	2,020,620.00	2,000,000.00	3.000	AAA	3.000	1,701 01/27/2015
3133XXWP52	10850		FEDERAL HOME LOAN BANK	01/27/2010		1,000,000.00	1,004,380.00	1,000,000.00	1.250	AAA	1.250	696 04/27/2012
3133XXWP52	10852		FEDERAL HOME LOAN BANK	01/29/2010		1,000,000.00	1,004,380.00	1,000,000.00	1.600	AAA	1.595	881 10/29/2012
3133XWTG4	10855		FEDERAL HOME LOAN BANK	02/18/2010		1,000,000.00	1,010,940.00	1,000,000.00	2.170	AAA	2.170	1,266 11/18/2013
3133XXTH4	10861		FEDERAL HOME LOAN BANK	03/03/2010		2,000,000.00	2,021,260.00	2,000,000.00	2.100	AAA	2.100	1,190 09/03/2013
3133XXPD3	10865		FEDERAL HOME LOAN BANK	03/26/2010		2,000,000.00	2,026,260.00	2,000,000.00	1.500	AAA	1.500	1,394 03/26/2014
3133XXWQ6	10869		FEDERAL HOME LOAN BANK	04/22/2010		2,000,000.00	2,018,120.00	1,998,227.78	3.000	AAA	3.011	1,784 04/20/2015
3133XYC94	10875		FEDERAL HOME LOAN BANK	04/29/2010		1,000,000.00	1,007,810.00	1,000,000.00	2.450	AAA	2.450	1,428 04/29/2014
3133XYKF1	10884		FEDERAL HOME LOAN BANK	05/28/2010		1,000,000.00	1,003,130.00	1,000,000.00	2.000	AAA	2.000	1,822 05/28/2015
3128X8QM7	10794		FEDERAL HOME LOAN MORTGAGE CO	03/24/2009		1,000,000.00	1,018,100.00	998,237.22	2.375	AAA	2.396	1,392 03/24/2014
3128X8T75	10798		FEDERAL HOME LOAN MORTGAGE CO	04/22/2009		2,000,000.00	2,032,360.00	2,000,000.00	2.500	AAA	2.500	1,042 04/08/2013
3128X8ET73	10801		FEDERAL HOME LOAN MORTGAGE CO	05/15/2009		1,000,000.00	1,013,550.00	1,000,000.00	2.170	AAA	2.170	902 11/19/2012
3128X8MS8	10802		FEDERAL HOME LOAN MORTGAGE CO	05/07/2009		1,000,000.00	1,003,890.00	1,000,000.00	2.350	AAA	2.129	640 03/02/2012

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**City of Torrance  
Portfolio Management  
Portfolio Details - Investments**  
**May 31, 2010**

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Maturity Date
<b>Federal Agency Issues - Coupon</b>											
3128X8R46	10810	FEDERAL HOME LOAN MORTGAGE CO	06/25/2009		2,000,000.00	2,003,420.00		3.000	AAA	3.000	1,120 06/25/2013
3128X8S29	10811	FEDERAL HOME LOAN MORTGAGE CO	06/30/2009		1,000,000.00	1,002,350.00		3.000	AAA	3.763	1,490 06/30/2014
3128X82V3	10814	FEDERAL HOME LOAN MORTGAGE CO	07/14/2009		1,000,000.00	1,018,930.00		3.400	AAA	3.400	1,504 07/14/2014
3128X9RQ5	10844	FEDERAL HOME LOAN MORTGAGE CO	12/30/2009		1,000,000.00	1,001,960.00	999,770.97	3.000	AAA	3.005	1,673 12/30/2014
3128X9XX3	10858	FEDERAL HOME LOAN MORTGAGE CO	02/17/2010		1,000,000.00	1,014,110.00		3.000	AAA	3.000	1,722 02/17/2015
3128X95K2	10872	FEDERAL HOME LOAN MORTGAGE CO	05/05/2010		1,000,000.00	1,003,650.00		2.500	AAA	2.500	1,263 11/05/2013
3134G1AS3	10876	FEDERAL HOME LOAN MORTGAGE CO	05/13/2010		2,000,000.00	2,015,160.00		3.000	AAA	3.011	1,812 05/18/2015
3134G1BX1	10877	FEDERAL HOME LOAN MORTGAGE CO	05/19/2010		2,000,000.00	2,016,480.00		3.050	AAA	3.050	1,813 05/19/2015
3134G1DS0	10881	FEDERAL HOME LOAN MORTGAGE CO	05/26/2010		2,000,000.00	2,009,800.00		3.000	AAA	3.000	1,820 05/26/2015
3136FHAK1	10786	FEDERAL NATIONAL MORT ASSOC	02/27/2009		1,000,000.00	1,004,060.00		2.625	AAA	2.625	818 08/21/2012
3136FHCF0	10793	FEDERAL NATIONAL MORT ASSOC	03/05/2009		1,000,000.00	1,011,560.00		2.250	AAA	2.250	633 02/24/2012
3136FHPXT	10799	FEDERAL NATIONAL MORT ASSOC	05/14/2009		2,000,000.00	2,028,760.00		2.000	AAA	2.125	1,443 05/14/2014
3136FHUY9	10807	FEDERAL NATIONAL MORT ASSOC	06/01/2009		2,000,000.00	2,000,000.00		1.400	AAA	1,400	731 06/01/2012
3136FHXF7	10808	FEDERAL NATIONAL MORT ASSOC	06/10/2009		2,000,000.00	2,015,000.00		2.000	AAA	2,000	923 12/10/2012
31398AYN6	10815	FEDERAL NATIONAL MORT ASSOC	07/28/2009		2,000,000.00	2,025,620.00		3.000	AAA	3,000	1,518 07/28/2014
3136FJA68	10843	FEDERAL NATIONAL MORT ASSOC	12/29/2009		1,000,000.00	1,001,880.00		2.750	AAA	2,950	1,672 12/29/2014
3136FKA83	10847	FEDERAL NATIONAL MORT ASSOC	01/15/2010		1,000,000.00	1,000,000.00		3.300	AAA	3,300	1,689 01/15/2015
3136FJY70	10853	FEDERAL NATIONAL MORT ASSOC	02/09/2010		1,000,000.00	1,005,000.00		3.100	AAA	3,100	1,714 02/09/2015
3136FJ4C2	10856	FEDERAL NATIONAL MORT ASSOC	02/23/2010		1,000,000.00	1,007,500.00		2.000	AAA	2,000	1,179 08/23/2013
3136FMCJ1	10862	FEDERAL NATIONAL MORT ASSOC	03/10/2010		1,000,000.00	1,011,250.00		2.650	AAA	2,650	1,562 09/10/2014
3136FMCT9	10863	FEDERAL NATIONAL MORT ASSOC	03/17/2010		1,000,000.00	1,008,750.00		2.760	AAA	2,760	1,750 03/17/2015
3136FMR6	10868	FEDERAL NATIONAL MORT ASSOC	04/15/2010		1,000,000.00	1,006,250.00		2.125	AAA	2,125	1,779 04/15/2015
31398AM74	10871	FEDERAL NATIONAL MORT ASSOC	04/21/2010		1,000,000.00	1,012,810.00		2.125	AAA	2,125	1,238 10/21/2013
3136FMRF3	10878	FEDERAL NATIONAL MORT ASSOC	05/19/2010		1,000,000.00	1,008,750.00		3.125	AAA	3,125	1,813 05/19/2015
3136FMSX3	10880	FEDERAL NATIONAL MORT ASSOC	05/14/2010		1,000,000.00	1,002,500.00		2.375	AAA	2,375	1,443 05/14/2014
3136FMSR6	10882	FEDERAL NATIONAL MORT ASSOC	05/27/2010		1,000,000.00	1,003,440.00		1,000,000.00	AAA	2,750	1,821 05/27/2015
<b>Subtotal and Average</b>			<b>98,423,161.07</b>		<b>96,000,000.00</b>	<b>97,031,745.00</b>		<b>96,046,265.11</b>		<b>2.705</b>	<b>1,319</b>
<b>Treasury Securities - Coupon</b>											
91282BDZ0	10579	U.S. TREASURY NOTE	07/25/2005		1,000,000.00	1,004,490.00		3.875	AAA	4.057	44 07/15/2010
<b>Subtotal and Average</b>			<b>1,451,311.28</b>		<b>1,000,000.00</b>	<b>1,004,490.00</b>		<b>999,803.14</b>		<b>4.057</b>	<b>44</b>
<b>Medium Term Notes</b>											
084664AF8	10709	Berkshire Hathaway	01/15/2008		1,000,000.00	1,018,250.00		1,002,791.75	AA	3,648	197 12/15/2010
084664AD3	10714	Berkshire Hathaway	01/18/2008		1,000,000.00	1,081,800.00		1,009,585.14	AA	4,300	1,232 10/15/2013
084664AF8	10795	Berkshire Hathaway	03/10/2009		1,000,000.00	1,018,250.00		1,005,346.46	AA	3,170	197 12/15/2010
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**City of Torrance  
Portfolio Management  
Portfolio Details - Investments**  
**May 31, 2010**

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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	Date
<b>Medium Term Notes</b>												
17314JAT0	10874	Citibank	04/15/2010	3,000,000.00	3,029,130.00	3,015,005.40	1.750	AAA	1.112	941	12/28/2012	
36967HAY3	10812	General Electric Capital Corp	06/22/2009	2,000,000.00	2,063,460.00	2,014,991.63	2.625	AAA	2.320	941	12/28/2012	
594918AB0	10821	MicroSoft Corp	08/17/2009	1,000,000.00	1,037,470.00	1,000,000.00	2.950	AAA	2.949	1,461	06/01/2014	
64952WAE3	10697	New York Life Global	11/02/2007	1,000,000.00	999,985.06	999,985.06	4.625	AAA	4.630	76	08/16/2010	
931142CN1	10820	Wal-Mart Stores	08/14/2009	2,000,000.00	2,053,780.00	2,006,688.05	3.000	AA	2.902	1,343	02/03/2014	
949746NB3	10715	Wells Fargo Co	01/23/2008	1,000,000.00	1,024,570.00	1,005,013.33	4.875	AA	4.000	225	01/12/2011	
<b>Subtotal and Average</b>			<b>13,060,946.84</b>		<b>13,332,100.00</b>	<b>13,059,406.32</b>			<b>2.805</b>	<b>829</b>		
<b>Municipal Bond Issues - Coupon</b>												
SYS10423	10423	Skpk-2001TXAllocRef Bd	12/18/2001	783,841.40	783,841.40	783,841.40	8,000		7,999	761	07/01/2012	
<b>Subtotal and Average</b>			<b>783,841.40</b>		<b>783,841.40</b>	<b>783,841.40</b>			<b>7,999</b>	<b>761</b>		
<b>Total and Average</b>			<b>169,888,452.49</b>		<b>176,438,884.37</b>	<b>177,807,199.37</b>	<b>176,544,339.44</b>		<b>1.948</b>	<b>794</b>		

**City of Torrance  
Portfolio Management  
Portfolio Details - Cash  
May 31, 2010**

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		29,493.89	29,493.89			
					Subtotal		29,493.89	29,493.89			
			Total Cash and Investments	169,888,452.49	176,438,854.37	177,836,693.26	176,573,833.33			1.948	794

**CITY OF TORRANCE  
CASH AND INVESTMENT PORTFOLIO SHARE (A)  
AS OF MAY 31, 2010**

FUND	SHARE OF INVESTMENTS	POOLED CASH & INVESTMENTS BALANCE	CASH PERCENT
General	56,686,759.44	56,145,937.88	32.11
Parks & Recr Facility & Open Space	3,904,477.61	3,867,226.84	2.21
State Gas Tax	7,069,133.96	7,001,690.70	4.00
Federal Housing, Community Dev	413,992.30	410,042.60	0.23
Street Lighting	205,808.01	203,844.49	0.12
Traffic Congestion Relief Act 2000 - AB2928	371,664.65	368,118.77	0.21
Proposition 1B	2,943,076.01	2,914,997.51	1.67
Police Asset Forfeiture	2,932,177.78	2,904,203.26	1.66
Drainage Improvement	19,719.30	19,531.17	0.01
Measure R Local Return	742,624.31	735,539.28	0.42
Government Cable	2,933,581.95	2,905,594.03	1.66
Local Return - Proposition C	5,622,348.50	5,568,708.33	3.18
Grants/Donations	(1,388,792.59)	(1,375,542.78) (B)	(0.79)
Citizens Options for Public Safety (COPS) Grant Funds - AB3229	146,089.50	144,695.73	0.08
Seismic Education Fund	57,138.82	56,593.69	0.03
Rehabilitation Housing	652,635.42	646,408.93	0.37
Meadow Park Parking Lot	47,293.22	46,842.02	0.03
Police Inmate Welfare Fund	51,823.29	51,328.87	0.03
Capital Improvements	23,045,324.84	22,825,460.30	13.05
Geologic Hazard Abatement	14,454.54	14,316.64	0.01
El Camino Training Fund-Fire	598,240.20	592,532.67	0.34
El Camino Training Fund-Police	49,567.74	49,094.84	0.03
Vanpool/Rideshare Fund	371,922.27	368,373.94	0.21
Torrance Improvement Fund	-	-	0.00
Animal Control Fund	(28,737.05)	(28,462.88) (C)	(0.02)
Redevelopment-Capital Proj	6,602,171.99	6,539,183.79	3.74
Redevelopment Debt Service	2,917,875.10	2,890,037.03	1.65
Underground Storage Tank Fund	3,028.90	3,000.00	0.00
DNA Sampling Fund	42,707.45	42,300.00	0.02
Airport Fund	5,397,081.39	5,345,590.39	3.06
Transit Operations	494,478.15	489,760.57	0.28
Development Impact Fund	981,434.47	972,071.07	0.56
Water Operations	5,142,335.93	5,093,275.34	2.91
Emergency Medical Service Enterprise Fund	-	-	0.00
Sanitation Operations	2,439,846.94	2,416,569.51	1.38
Cultural Arts Enterprise	454,040.96	449,709.17	0.26
Sewer Enterprise Fund	11,174,229.15	11,067,621.12	6.33
Parks & Recreation Enterprise Fund	(323,546.58)	(320,459.78)	(0.18)
Self Insurance Fund	9,861,185.58	9,767,104.67	5.59
Fleet Services	12,880,263.43	12,757,378.93	7.30
Postemployment/Compensated Absences Fund	7,681,971.47	7,608,681.41	4.35
Trust & Agency	3,328,888.12	3,297,128.77	1.89
<b>TOTAL</b>	<b>176,540,316.47</b>	<b>174,856,028.82</b>	<b>100.00</b>

- (A) The difference between the Share of Investments total of \$176,540,316.47 and the Pooled Cash and Investments total of \$174,856,028.82 is primarily due to outstanding warrants and adjusting journal entries. (See reconciliation schedule attached)
- (B) 2007 UASI Grant for Fire-Breathing Apparatus has a negative cash balance of <\$303,960>. The reimbursement request was submitted to the City of Los Angeles in January 2010. The City of Los Angeles processes the reimbursement and sends it to the State. The City of LA has not given us a status on the reimbursement.
- T-051 Crenshaw Blvd. Rehabilitation has a negative balance of <\$360,869>. A reimbursement request in the amount of \$315,293 was submitted in June 2010.
- T-030 Del Amo Blvd Extension has a negative cash balance of <657,002>. Reimbursement in the amount of \$150,928.20 was received on May 13, 2010. Additional reimbursement will be requested in July for the 2nd quarter.
- (C) The animal license renewal period began in April. FY 2009-10 receipts are lower than FY 2008-09 by \$37,950 as of 5/31/10.

**CITY OF TORRANCE  
CASH AND INVESTMENT RECONCILIATION  
AS OF MAY 31, 2010**

INVESTMENTS PER PORTFOLIO SUMMARY  
(City Pool)

**176,540,316.47**

CASH AND INVESTMENTS PER BOOKS

**174,856,028.82**

**CASH IN BANKS:**

Cash in B of A General Account	(\$856,354.00)
Cash in B of A Payroll Account	0.00

**OUTSTANDING WARRANTS:**

General Account	1,018,457.88
Payroll Account	241,703.82
Workers Compensation Account	<u>111,015.49</u>
	1,371,177.19

Miscellaneous outstanding adjusting journal entries	(736,691.76)
Payroll for PE 5/31/10 posted on 5/31/10 and paid on 6/11/10	1,906,156.22

INVESTMENTS PER BOOKS

**\$176,540,316.47**