

**Council Meeting: May 5, 2009****SUBJECT: City of Sunnyvale Investment Report – 1<sup>st</sup> Quarter 2009****BACKGROUND**

In accordance with Government Code Section 53646, staff is submitting the attached investment report for Council's review. The report includes all investments managed by the City of Sunnyvale and provides information on the values (par, book and market), type of investment, issuer, maturity date and yield of each security. Summary information by type of security and detailed information on each security is provided. An evaluation of portfolio performance this accounting period compared to the previous accounting period and compared to the same accounting period of last fiscal year is also included.

Securities are priced by an independent pricing service at the end of every accounting period. In some cases, the City may have investments with a current market value that is greater or less than the recorded value. These changes in market value are due to fluctuations in the marketplace having no effect on yield, as the City does not intend to sell securities prior to maturity.

The market value is higher than recorded value for this quarter due to changes in the market as mentioned in the previous paragraph.

**DISCUSSION**

In light of the current turmoil in the financial markets, staff continues to remain fiscally conservative and focus investment decisions in accordance with safety, liquidity and yield in that order. Safety of principal is the foremost objective of the investment program.

Diversification is required in order that potential losses on individual securities do not exceed the income generated. The City's investment policy addresses diversification as follows: No more than 5% of the total portfolio may be invested in securities of any single issuer, other than the U.S. Government, its agencies and instrumentalities and the State's Local Agency Investment Fund (LAIF.) There are no limitations on investments issued by the U.S. Treasury. Securities issued and fully guaranteed by a federal agency or Government Sponsored Enterprise are limited to no more than 30% of the portfolio. No more than 20% of the portfolio may be invested in LAIF. Our portfolio fully complies with these limitations. The individual investments may be seen in Attachment A of this report.

Because U.S. Treasury obligations are considered to be the safest investment vehicle, currently many market participants are investing heavily in these instruments due to the current financial panic. As this flight to quality continues, increasing demand for U.S. Treasury securities has caused yields on these conservative investments to decline significantly. This will have a negative impact on the City's investment earnings.

Staff has purchased some Variable Rate Demand Obligations with tender rights as an alternative investment to Treasuries. While these bonds have long final maturities, the tender right of the bondholder on seven days notice effectively converts them to the equivalent of a short term investment. Council may recall that permission to purchase this investment type was granted on October 14, 2008.

The duration of the instability of the market is not known. Staff will keep the Council apprised of changes in the market that affect the investment portfolio as necessary.

**FISCAL IMPACT**

Interest earnings for FY 2008/2009 as of Period 10 for all City funds totaled \$4,929,819.18.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, in the Council Chambers lobby, in the Office of the City Clerk, at the Library, Senior Center, Community Center and Department of Public Safety; posting the agenda and report on the City's Web site; and making the report available at the Library and the Office of the City Clerk.

**RECOMMENDATION**

It is recommended that the City Council receive and file the investment report.

Reviewed by:

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Mary J. Bradley, Director, Finance

Prepared by: Therese B. Balbo, Finance Manager

Approved by:

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Gary Luebbers  
City Manager

**Attachments**

City of Sunnyvale's FY 2008/2009 Period 10 Investment Report



## **CITY OF SUNNYVALE**

### **PORTFOLIO EVALUATION PERIOD 10 FY 2008/2009**

#### **INFORMATION UPDATE:**

Pursuant to the California Government Code, attached is detailed information on all securities, investments, and moneys held by the City. I hereby certify that the City's portfolio complies with the City's adopted Investment Policy and the reporting requirements of State Law, and that sufficient funds are available to meet expenditure requirements for the next 6 months, ending November 2009.

Date: April 17, 2009

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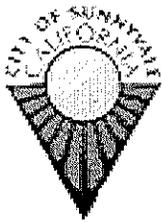
Mary J. Bradley, Director of Finance

cc: Members of the City Council  
City Manager

**PORTFOLIO EVALUATION - PERIOD 10 FY 2008/2009 (3/8/2009 - 4/4/2009)**

DESCRIPTION	DOLLAR AMOUNT	FY 08/09 PERIOD 10 (3/8/09 - 4/4/09)	FY 08/09 PERIOD 9 (2/8/09 - 3/7/09)	FY 07/08 PERIOD 10 (3/9/08- 4/5/08)
TOTAL PORTFOLIO MARKET VALUE		\$240,743,602.70	\$243,042,096.29	\$243,850,503.24
AVERAGE LIFE OF PORTFOLIO (DAYS)		208	204	174
CITY - WEIGHTED YIELD (Current Period)		2.33%	2.39%	3.98%
STATE POOL YIELD		1.80%	1.85%	3.71%
90 DAY T-BILL RATE (Current Period)		0.20%	0.28%	1.17%
VARIANCE FROM CITY YIELD		2.13%	2.11%	2.81%
1 YEAR TREASURY RATE (Current Period)		0.63%	0.66%	1.54%
VARIANCE FROM CITY YIELD		1.70%	1.73%	2.44%
TREASURY YIELD WITH SAME AVG LIFE AS PORTFOLIO		0.54%	0.57%	1.39%
VARIANCE FROM CITY YIELD		1.79%	1.82%	2.59%
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TOTAL INVESTMENTS MATURING WITHIN 0 TO 1 YEAR	\$198,285,315.31	82.36%	85.51%	81.90%
TOTAL INVESTMENTS MATURING WITHIN 1 TO 3 YEARS	\$38,919,067.75	16.17%	13.04%	18.10%
TOTAL INVESTMENTS MATURING WITHIN 3 TO 5 YEARS	\$3,538,634.46	1.47%	1.46%	0.00%
TOTAL INVESTMENTS MATURING OVER 5 YEARS **	\$585.18	0.00%	0.00%	0.00%
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TOTAL	\$240,743,602.70	100.0%	100.0%	100.0%

\*\* In accordance with Government Code 53601, the City Council, as part of the City's investment program, granted express authority to invest in US Treasury and US Agency securities with final stated maturities up to seven years. No investment shall be made in any other security type that at the time of investment has a term remaining to maturity in excess of five years unless granted express authority by the City Council to do so.



**CITY OF SUNNYVALE**  
**Portfolio Management**  
**Portfolio Summary**  
**March 8, 2009 through April 4, 2009**

City of Sunnyvale  
 650 West Olive Ave.  
 Sunnyvale, CA, 94086  
 (408)730-7604

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
Managed Pool Accounts	40,000,000.00	40,000,000.00	40,000,000.00	16.69	1	1	2.732	2.770
Passbook/Checking Accounts	21,759,565.18	21,759,565.18	21,759,565.18	9.08	1	1	0.345	0.350
Medium Term Notes	6,000,000.00	5,976,789.00	5,979,785.91	2.49	771	110	5.357	5.432
Federal Agency Issues - Coupon	94,401,000.00	97,340,903.88	96,864,537.46	40.41	563	310	2.250	2.281
Treasury Securities - Coupon	52,000,000.00	52,895,635.00	52,310,868.53	21.82	506	246	2.234	2.265
US Govt Mortgage Passthroughs	645.81	709.64	667.75	0.00	7,545	2,153	10.002	10.141
Municipal Bonds	22,770,000.00	22,770,000.00	22,770,000.00	9.50	358	270	2.927	2.968
<b>Investments</b>	<b>236,931,210.99</b>	<b>240,743,602.70</b>	<b>239,685,424.83</b>	<b>100.00%</b>	<b>392</b>	<b>208</b>	<b>2.296</b>	<b>2.328</b>
<b>Cash, Pending Redemptions and Accrued Interest</b>								
Accrued Interest at Purchase		254,551.46	254,551.46					
Pending Redemptions	123.79	123.79	123.79					
Subtotal		254,675.25	254,675.25					
<b>Total Cash, Pending Redemptions and Investments</b>	<b>236,931,334.78</b>	<b>240,998,277.95</b>	<b>239,940,100.08</b>		<b>392</b>	<b>208</b>	<b>2.296</b>	<b>2.328</b>
<b>Total Earnings</b>	<b>April 4 Month Ending</b>	<b>Fiscal Year To Date</b>						
Current Year	426,815.55	4,929,819.18						

MARY J. BRADLEY, TREASURER

**CITY OF SUNNYVALE**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**April 4, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
<b>Managed Pool Accounts</b>											
SYS90-119	90-119	STATEPOOL		40,000,000.00	40,000,000.00	40,000,000.00	2.770		2.770	1	
<b>Subtotal and Average</b>				<b>40,000,000.00</b>	<b>40,000,000.00</b>	<b>40,000,000.00</b>			<b>2.770</b>	<b>1</b>	
<b>Passbook/Checking Accounts</b>											
SYS08-006	08-006	UNION BANK OF CALIFORNIA		21,759,565.18	21,759,565.18	21,759,565.18	0.350		0.350	1	
<b>Subtotal and Average</b>				<b>21,759,565.18</b>	<b>21,759,565.18</b>	<b>21,759,565.18</b>			<b>0.350</b>	<b>1</b>	
<b>Medium Term Notes</b>											
36962GR48	07-036	GENERAL ELECTRIC	06/15/2007	3,000,000.00	2,980,281.00	2,984,592.96	4.125		5.484	149	09/01/2009
98153BAE4	07-035	World Savings Bank (Wachovia B	06/12/2007	3,000,000.00	2,996,508.00	2,995,192.95	4.500		5.380	71	06/15/2009
<b>Subtotal and Average</b>				<b>6,000,000.00</b>	<b>5,976,789.00</b>	<b>5,979,785.91</b>			<b>5.432</b>	<b>110</b>	
<b>Federal Agency Issues - Coupon</b>											
31331XBQ4	08-039	FEDERAL FARM CREDIT BANK	05/01/2008	2,373,000.00	2,425,652.12	2,402,136.25	5.000		2.707	201	10/23/2009
31331XH47	08-040	FEDERAL FARM CREDIT BANK	04/30/2008	3,000,000.00	3,046,875.00	3,026,483.58	5.250		2.494	120	08/03/2009
31331XBQ4	08-042	FEDERAL FARM CREDIT BANK	05/02/2008	4,000,000.00	4,088,752.00	4,049,488.81	5.000		2.690	201	10/23/2009
31331XH47	08-043	FEDERAL FARM CREDIT BANK	05/15/2008	3,000,000.00	3,046,875.00	3,024,893.15	5.250		2.657	120	08/03/2009
31331YQ86	08-045	FEDERAL FARM CREDIT BANK	05/20/2008	3,000,000.00	3,033,750.00	2,998,712.50	2.750		2.821	229	11/20/2009
31331H6B8	09-017	FEDERAL FARM CREDIT BANK	02/10/2009	1,000,000.00	1,074,375.00	1,072,038.11	5.750		1.635	653	01/18/2011
31331YG46	09-018	FEDERAL FARM CREDIT BANK	02/10/2009	1,000,000.00	1,019,063.00	1,018,972.24	2.625		1.675	746	04/21/2011
31331VSK3	09-019	FEDERAL FARM CREDIT BANK	02/10/2009	500,000.00	530,156.50	529,476.11	4.875		1.655	684	02/18/2011
3133XFLG9	07-037	FEDERAL HOME LOAN BANK	06/15/2007	3,000,000.00	3,026,250.00	2,999,545.86	5.250		5.337	68	06/12/2009
3133XKLY9	08-028	FEDERAL HOME LOAN BANK	02/05/2008	4,000,000.00	4,008,752.00	4,004,525.38	4.750		2.566	19	04/24/2009
3133XFLG9	08-030	FEDERAL HOME LOAN BANK	02/08/2008	4,000,000.00	4,035,000.00	4,020,587.27	5.250		2.420	68	06/12/2009
3133XL6B4	08-033	FEDERAL HOME LOAN BANK	03/07/2008	4,000,000.00	4,030,000.00	4,018,251.72	5.125		2.282	60	06/04/2009
3133XGEO3	08-037	FEDERAL HOME LOAN BANK	04/04/2008	4,000,000.00	4,063,752.00	4,037,541.79	5.250		2.370	122	08/05/2009
3137EAAE9	08-029	FEDERAL HOME LOAN MORT CORP	02/08/2008	4,000,000.00	4,022,500.00	4,014,294.77	5.250		2.390	46	05/21/2009
3134A4UQ5	08-031	FEDERAL HOME LOAN MORT CORP	02/08/2008	4,000,000.00	4,002,500.00	4,000,982.67	3.375		2.470	10	04/15/2009
3137EAAE9	08-034	FEDERAL HOME LOAN MORT CORP	03/25/2008	4,000,000.00	4,022,500.00	4,014,936.73	5.250		2.270	46	05/21/2009
3133XFYK6	08-035	FEDERAL HOME LOAN MORT CORP	03/25/2008	4,000,000.00	4,055,000.00	4,034,576.27	5.375		2.259	103	07/17/2009
3128X7JW5	08-038	FEDERAL HOME LOAN MORT CORP	04/21/2008	4,000,000.00	4,001,420.00	3,999,708.33	2.265		2.562	9	04/14/2009
31359M5Z2	09-021	FEDERAL NATL MORTGAGE ASSN	03/06/2009	4,000,000.00	4,135,000.00	4,136,519.89	4.750		1.022	341	03/12/2010
31359MFS7	09-022	FEDERAL NATL MORTGAGE ASSN	03/06/2009	4,000,000.00	4,283,752.00	4,286,481.18	7.125		1.070	436	06/15/2010
31398APV8	09-023	FEDERAL NATL MORTGAGE ASSN	03/18/2009	4,000,000.00	4,056,252.00	4,053,129.86	2.375		1.182	410	05/20/2010
31359MC92	09-024	FEDERAL NATL MORTGAGE ASSN	03/18/2009	4,000,000.00	4,118,752.00	4,132,642.69	4.125		1.112	405	05/15/2010
880591DN9	09-001	TENNESSEE VALLEY AUTHORITY	07/21/2008	5,000,000.00	5,346,560.00	5,169,316.16	5.625		3.625	653	01/18/2011

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**CITY OF SUNNYVALE**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**April 4, 2009**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Issues - Coupon</b>											
880591DN9	09-008	TENNESSEE VALLEY AUTHORITY	11/17/2008	4,000,000.00	4,277,248.00	4,188,701.15	5.625		2.879	653	01/18/2011
880591DT6	09-014	TENNESSEE VALLEY AUTHORITY	02/04/2009	3,128,000.00	3,538,634.46	3,557,430.15	6.790		2.220	1,144	05/23/2012
880591DN9	09-015	TENNESSEE VALLEY AUTHORITY	02/04/2009	4,000,000.00	4,277,248.00	4,285,513.92	5.625		1.552	653	01/18/2011
880591DN9	09-020	TENNESSEE VALLEY AUTHORITY	02/11/2009	2,400,000.00	2,566,348.80	2,569,597.02	5.625		1.591	653	01/18/2011
880591DN9	09-025	TENNESSEE VALLEY AUTHORITY	03/24/2009	3,000,000.00	3,207,936.00	3,216,053.90	5.625		1.520	653	01/18/2011
<b>Subtotal and Average</b>				<b>94,401,000.00</b>	<b>97,340,903.88</b>	<b>96,864,537.46</b>			<b>2.281</b>	<b>310</b>	
<b>Treasury Securities - Coupon</b>											
912828CH1	07-033	UNITED STATE TREASURY	06/08/2007	2,000,000.00	2,007,500.00	1,997,683.88	3.875		4.997	40	05/15/2009
912828GY0	08-041	UNITED STATE TREASURY	05/02/2008	4,000,000.00	4,055,000.00	4,031,982.14	4.625		2.084	117	07/31/2009
912828DZ0	08-046	UNITED STATE TREASURY	06/19/2008	4,000,000.00	4,161,252.00	4,052,024.34	3.875		2.818	466	07/15/2010
912828HL7	08-047	UNITED STATE TREASURY	06/26/2008	4,000,000.00	4,077,500.00	4,019,224.68	3.250		2.581	270	12/31/2009
912828HJ2	08-048	UNITED STATE TREASURY	06/27/2008	4,000,000.00	4,067,500.00	4,019,496.16	3.125		2.362	239	11/30/2009
912828HJ2	08-049	UNITED STATE TREASURY	06/30/2008	4,000,000.00	4,067,500.00	4,019,320.70	3.125		2.369	239	11/30/2009
912828HD5	08-050	UNITED STATE TREASURY	06/30/2008	4,000,000.00	4,068,752.00	4,032,376.91	4.000		2.303	178	09/30/2009
912828HS2	09-002	UNITED STATE TREASURY	07/24/2008	4,000,000.00	4,047,500.00	3,980,106.49	2.000		2.565	329	02/28/2010
912828HD5	09-003	UNITED STATE TREASURY	08/22/2008	4,000,000.00	4,068,752.00	4,034,147.80	4.000		2.216	178	09/30/2009
912828HP8	09-004	UNITED STATE TREASURY	08/22/2008	4,000,000.00	4,048,752.00	3,996,787.24	2.125		2.224	301	01/31/2010
912828HP8	09-005	UNITED STATE TREASURY	10/01/2008	4,000,000.00	4,048,752.00	4,008,691.62	2.125		1.856	301	01/31/2010
912828HL7	09-006	UNITED STATE TREASURY	09/26/2008	4,000,000.00	4,077,500.00	4,036,971.26	3.250		1.975	270	12/31/2009
912828GY0	09-007	UNITED STATE TREASURY	11/10/2008	3,000,000.00	3,041,250.00	3,033,782.08	4.625		1.097	117	07/31/2009
912828HL7	09-009	UNITED STATE TREASURY	11/17/2008	3,000,000.00	3,058,125.00	3,048,273.23	3.250		1.054	270	12/31/2009
<b>Subtotal and Average</b>				<b>52,000,000.00</b>	<b>52,895,635.00</b>	<b>52,310,868.53</b>			<b>2.265</b>	<b>246</b>	
<b>US Govt Mortgage Passthroughs</b>											
313401KA8	86-081	FEDERAL HOME LOAN MORT CORP	07/01/1994	115.38	124.45	124.39	13.500		12.154	544	10/01/2010
313401TJ0	87-009	FEDERAL HOME LOAN MORT CORP	07/01/1994	530.42	585.18	543.35	10.000		9.680	2,522	03/01/2016
362063F46	88-136	GOVT NATL MORTGAGE ASSN	07/01/1994	0.01	0.01	0.01	9.000		9.234	101	07/15/2009
<b>Subtotal and Average</b>				<b>645.81</b>	<b>709.64</b>	<b>667.75</b>			<b>10.141</b>	<b>2,153</b>	
<b>Municipal Bonds</b>											
13066YAN9	09-012	Muni Bond -ST of CA Water Res	12/08/2008	4,000,000.00	4,000,000.00	4,000,000.00	2.000		1.935	270	12/31/2009
797398DX9	09-011	San Diego Co -Variable Rate	12/05/2008	4,000,000.00	4,000,000.00	4,000,000.00	2.250		2.445	270	12/31/2009
797398DX9	09-016	San Diego Co -Variable Rate	02/06/2009	2,000,000.00	2,000,000.00	2,000,000.00	2.250		2.277	270	12/31/2009
867546CB7	09-013	Sunnyvale Variable Rate	01/22/2009	12,770,000.00	12,770,000.00	12,770,000.00	3.500		3.563	270	12/31/2009

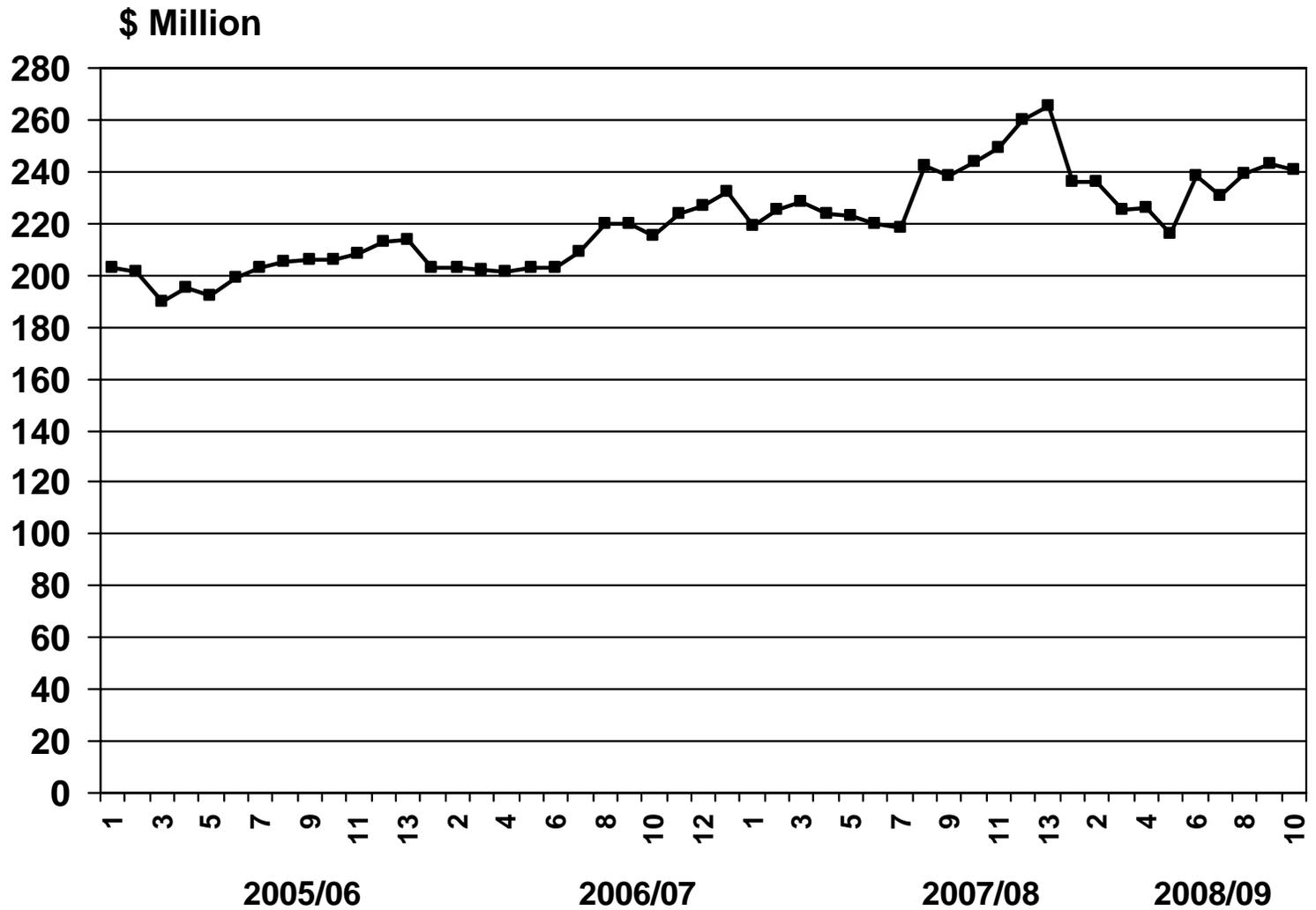
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CITY OF SUNNYVALE  
 Portfolio Management  
 Portfolio Details - Investments  
 April 4, 2009

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Subtotal and Average				22,770,000.00	22,770,000.00	22,770,000.00			2.968	270
Total and Average				236,931,210.99	240,743,602.70	239,685,424.83			2.328	208

# INVESTMENT PORTFOLIO

## PORTFOLIO TREND



# INVESTMENT PORTFOLIO COMPARISON OF ANNUAL YIELDS

