



Council Meeting: October 20, 2009

SUBJECT: City of Sunnyvale Investment Report – 3rd 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 uncertainty. 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 of other governmental entities 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 2009/2010 as of Period 3 for all City funds totaled \$810,510.62.

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:

Mary J. Bradley, Director, Finance

Prepared by: Therese B. Balbo, Finance Manager

Approved by:

Gary Luebbers
City Manager

Attachments

- A. City of Sunnyvale's FY 2009/2010 Period 3 Investment Report



CITY OF SUNNYVALE

PORTFOLIO EVALUATION PERIOD 3 FY 2009/2010

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 April 2010.

Date: October 2, 2009

Mary J. Bradley, Director of Finance

cc: Members of the City Council
City Manager

PORTFOLIO EVALUATION - PERIOD 3 FY 2009/2010 (8/23/2009 - 9/19/2009)

DESCRIPTION	DOLLAR AMOUNT	FY 09/10 PERIOD 3 (8/23/09 - 9/19/09)	FY 09/10 PERIOD 2 (7/26/09 - 8/22/09)	FY 08/09 PERIOD 3 (8/24/08- 9/20/08)
TOTAL PORTFOLIO MARKET VALUE		\$240,446,907.59	\$240,489,401.90	\$225,111,817.66
AVERAGE LIFE OF PORTFOLIO (DAYS)		234	252	203
CITY - WEIGHTED YIELD (Current Period)		1.41%	1.48%	3.01%
STATE POOL YIELD		0.80%	0.92%	2.77%
90 DAY T-BILL RATE (Current Period)		0.13%	0.18%	1.46%
VARIANCE FROM CITY YIELD		1.28%	1.30%	1.55%
1 YEAR TREASURY RATE (Current Period)		0.42%	0.47%	1.99%
VARIANCE FROM CITY YIELD		0.99%	1.01%	1.02%
TREASURY YIELD WITH SAME AVG LIFE AS PORTFOLIO		0.31%	0.36%	1.86%
VARIANCE FROM CITY YIELD		1.10%	1.12%	1.15%
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TOTAL INVESTMENTS MATURING WITHIN 0 TO 1 YEAR	\$168,338,311.12	70.01%	68.38%	79.03%
TOTAL INVESTMENTS MATURING WITHIN 1 TO 3 YEARS	\$72,108,090.43	29.99%	31.62%	20.97%
TOTAL INVESTMENTS MATURING WITHIN 3 TO 5 YEARS	\$0.00	0.00%	0.00%	0.00%
TOTAL INVESTMENTS MATURING OVER 5 YEARS **	\$506.04	0.00%	0.00%	0.00%
TOTAL	\$240,446,907.59	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
August 23, 2009 through September 19, 2009

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

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Managed Pool Accounts	40,000,000.00	40,000,000.00	40,000,000.00	16.71	1	1	1.489	1.510
Passbook/Checking Accounts	21,779,274.37	21,779,274.37	21,779,274.37	9.10	1	1	0.108	0.110
Federal Agency Issues - Coupon	123,816,000.00	127,313,016.73	126,534,131.34	52.86	564	384	1.319	1.337
Treasury Securities - Coupon	47,000,000.00	47,354,074.00	47,060,615.42	19.66	531	147	2.121	2.151
US Govt Mortgage Passthroughs	493.22	542.49	507.10	0.00	7,768	2,208	9.727	9.862
Municipal Bonds	4,000,000.00	4,000,000.00	4,000,000.00	1.67	388	102	1.061	1.075
Investments	236,595,767.59	240,446,907.59	239,374,528.23	100.00%	409	234	1.391	1.410
Cash and Accrued Interest								
Accrued Interest at Purchase		128,013.00	128,013.00					
Subtotal		128,013.00	128,013.00					
Total Cash and Investments	236,595,767.59	240,574,920.59	239,502,541.23		409	234	1.391	1.410
Total Earnings	September 19 Month Ending	Fiscal Year To Date						
Current Year	258,557.08	809,725.72						

MARY J. BRADLEY, TREASURER

CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
September 19, 2009

CUSIP	Investment #	Issuer	Purchase	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts											
SYS90-119	90-119	STATEPOOL		40,000,000.00	40,000,000.00	40,000,000.00	1.510		1.510	1	
Subtotal and Average				40,000,000.00	40,000,000.00	40,000,000.00			1.510	1	
Passbook/Checking Accounts											
SYS08-006	08-006	UNION BANK OF CALIFORNIA		21,779,274.37	21,779,274.37	21,779,274.37	0.110		0.110	1	
Subtotal and Average				21,779,274.37	21,779,274.37	21,779,274.37			0.110	1	
Federal Agency Issues - Coupon											
31331XBQ4	08-039	FEDERAL FARM CREDIT BANK	05/01/2008	2,373,000.00	2,382,641.50	2,377,856.04	5.000		2.707	33	10/23/2009
31331XBQ4	08-042	FEDERAL FARM CREDIT BANK	05/02/2008	4,000,000.00	4,016,252.00	4,008,248.14	5.000		2.690	33	10/23/2009
31331YQ86	08-045	FEDERAL FARM CREDIT BANK	05/20/2008	3,000,000.00	3,012,189.00	2,999,656.67	2.750		2.821	61	11/20/2009
31331H6B8	09-017	FEDERAL FARM CREDIT BANK	02/10/2009	1,000,000.00	1,066,250.00	1,053,552.44	5.750		1.635	485	01/18/2011
31331YG46	09-018	FEDERAL FARM CREDIT BANK	02/10/2009	1,000,000.00	1,026,875.00	1,014,718.95	2.625		1.675	578	04/21/2011
31331VSK3	09-019	FEDERAL FARM CREDIT BANK	02/10/2009	500,000.00	528,437.50	522,249.42	4.875		1.655	516	02/18/2011
31331VCB0	09-034	FEDERAL FARM CREDIT BANK	05/19/2009	2,500,000.00	2,621,875.00	2,613,240.25	5.000		0.907	408	11/02/2010
3133XTMX1	09-032	FEDERAL HOME LOAN BANK	05/18/2009	4,080,000.00	4,099,127.04	4,079,842.09	1.000		1.003	424	11/18/2010
3133X85H1	09-033	FEDERAL HOME LOAN BANK	05/19/2009	3,000,000.00	3,103,125.00	3,098,111.56	4.516		0.810	324	08/10/2010
3133XGRD8	09-035	FEDERAL HOME LOAN BANK	05/20/2009	4,685,000.00	4,898,753.13	4,896,093.17	5.125		0.700	374	09/29/2010
3133XTHN9	09-036	FEDERAL HOME LOAN BANK	05/27/2009	4,000,000.00	4,030,000.00	4,019,900.33	1.250		0.780	389	10/14/2010
3133XTHZ2	09-038	FEDERAL HOME LOAN BANK	06/08/2009	4,000,000.00	4,011,252.00	4,008,991.77	0.875		0.481	208	04/16/2010
3133XTSS6	09-039	FEDERAL HOME LOAN BANK	06/16/2009	5,000,000.00	5,032,815.00	4,998,706.94	1.625		1.639	817	12/16/2011
3133XMES6	09-040	FEDERAL HOME LOAN BANK	06/10/2009	4,000,000.00	4,161,252.00	4,145,581.79	4.375		1.001	397	10/22/2010
3128X8NB4	09-028	FEDERAL HOME LOAN MORT CORP	04/27/2009	1,400,000.00	1,409,209.20	1,408,155.42	2.050		1.645	535	03/09/2011
3128X8C26	09-031	FEDERAL HOME LOAN MORT CORP	05/11/2009	4,000,000.00	4,014,940.00	3,998,822.96	1.625		1.641	690	08/11/2011
3128X8QY1	09-037	FEDERAL HOME LOAN MORT CORP	05/28/2009	4,000,000.00	4,042,688.00	4,035,280.43	1.550		0.729	451	12/15/2010
3134A33L8	09-042	FEDERAL HOME LOAN MORT CORP	06/17/2009	4,000,000.00	4,127,500.00	4,126,679.10	7.000		0.465	176	03/15/2010
3128X8QT2	09-043	FEDERAL HOME LOAN MORT CORP	06/17/2009	4,000,000.00	4,035,356.00	4,025,442.16	1.450		0.791	355	09/10/2010
3137EABL2	09-045	FEDERAL HOME LOAN MORT CORP	06/29/2009	4,000,000.00	4,075,780.00	4,071,645.01	2.875		0.546	281	06/28/2010
3137EABQ1	10-001	FEDERAL HOME LOAN MORT CORP	08/07/2009	3,000,000.00	3,068,439.00	3,066,581.46	3.250		0.540	299	07/16/2010
3134A4VB7	10-002	FEDERAL HOME LOAN MORT CORP	08/07/2009	3,000,000.00	3,090,000.00	3,086,998.57	4.125		0.536	295	07/12/2010
3137EABG3	10-003	FEDERAL HOME LOAN MORT CORP	09/15/2009	3,000,000.00	3,045,000.00	3,047,813.33	2.875		0.262	222	04/30/2010
31359M5Z2	09-021	FEDERAL NATL MORTGAGE ASSN	03/06/2009	4,000,000.00	4,087,500.00	4,070,698.58	4.750		1.022	173	03/12/2010
31359MFS7	09-022	FEDERAL NATL MORTGAGE ASSN	03/06/2009	4,000,000.00	4,196,252.00	4,176,552.35	7.125		1.070	268	06/15/2010
31398APV8	09-023	FEDERAL NATL MORTGAGE ASSN	03/18/2009	4,000,000.00	4,052,500.00	4,031,484.36	2.375		1.182	242	05/20/2010
31359MC92	09-024	FEDERAL NATL MORTGAGE ASSN	03/18/2009	4,000,000.00	4,096,252.00	4,077,927.58	4.125		1.112	237	05/15/2010
31398AMV1	09-026	FEDERAL NATL MORTGAGE ASSN	04/06/2009	1,750,000.00	1,770,235.25	1,764,984.06	2.500		0.940	201	04/09/2010
31398AWQ1	09-027	FEDERAL NATL MORTGAGE ASSN	04/24/2009	4,000,000.00	4,028,752.00	4,007,408.62	1.375		1.233	585	04/28/2011
31398AWY4	09-029	FEDERAL NATL MORTGAGE ASSN	04/29/2009	4,000,000.00	4,025,000.00	3,999,195.83	1.700		1.713	586	04/29/2011

Portfolio CITY
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CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
September 19, 2009

CUSIP	Investment #	Issuer	Purchase	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon											
31359MXH1	09-044	FEDERAL NATL MORTGAGE ASSN	06/18/2009	3,000,000.00	3,042,189.00	3,042,013.29	3.875		0.390	148	02/15/2010
880591DN9	09-001	TENNESSEE VALLEY AUTHORITY	07/21/2008	5,000,000.00	5,325,265.00	5,125,868.00	5.625		3.625	485	01/18/2011
880591DN9	09-008	TENNESSEE VALLEY AUTHORITY	11/17/2008	4,000,000.00	4,260,212.00	4,140,278.62	5.625		2.879	485	01/18/2011
880591DT6	09-014	TENNESSEE VALLEY AUTHORITY	02/04/2009	3,128,000.00	3,517,604.91	3,494,614.57	6.790		2.220	976	05/23/2012
880591DN9	09-015	TENNESSEE VALLEY AUTHORITY	02/04/2009	4,000,000.00	4,260,212.00	4,212,248.30	5.625		1.552	485	01/18/2011
880591DN9	09-020	TENNESSEE VALLEY AUTHORITY	02/11/2009	2,400,000.00	2,556,127.20	2,526,076.79	5.625		1.591	485	01/18/2011
880591DN9	09-025	TENNESSEE VALLEY AUTHORITY	03/24/2009	3,000,000.00	3,195,159.00	3,160,612.39	5.625		1.520	485	01/18/2011
Subtotal and Average				123,816,000.00	127,313,016.73	126,534,131.34			1.337	384	
Treasury Securities - Coupon											
912828DZ0	08-046	UNITED STATE TREASURY	06/19/2008	4,000,000.00	4,115,000.00	4,033,268.78	3.875		2.818	298	07/15/2010
912828HL7	08-047	UNITED STATE TREASURY	06/26/2008	4,000,000.00	4,033,752.00	4,007,262.66	3.250		2.581	102	12/31/2009
912828HJ2	08-048	UNITED STATE TREASURY	06/27/2008	4,000,000.00	4,022,500.00	4,005,791.75	3.125		2.362	71	11/30/2009
912828HJ2	08-049	UNITED STATE TREASURY	06/30/2008	4,000,000.00	4,022,500.00	4,005,739.62	3.125		2.369	71	11/30/2009
912828HD5	08-050	UNITED STATE TREASURY	06/30/2008	4,000,000.00	4,003,752.00	4,001,818.93	4.000		2.303	10	09/30/2009
912828HS2	09-002	UNITED STATE TREASURY	07/24/2008	4,000,000.00	4,031,252.00	3,990,264.88	2.000		2.565	161	02/28/2010
912828HD5	09-003	UNITED STATE TREASURY	08/22/2008	4,000,000.00	4,003,752.00	4,001,918.42	4.000		2.216	10	09/30/2009
912828HP8	09-004	UNITED STATE TREASURY	08/22/2008	4,000,000.00	4,027,500.00	3,998,580.41	2.125		2.224	133	01/31/2010
912828HP8	09-005	UNITED STATE TREASURY	10/01/2008	4,000,000.00	4,027,500.00	4,003,840.48	2.125		1.856	133	01/31/2010
912828HL7	09-006	UNITED STATE TREASURY	09/26/2008	4,000,000.00	4,033,752.00	4,013,966.92	3.250		1.975	102	12/31/2009
912828HL7	09-009	UNITED STATE TREASURY	11/17/2008	3,000,000.00	3,025,314.00	3,018,236.55	3.250		1.054	102	12/31/2009
912828KH2	09-041	UNITED STATE TREASURY	06/10/2009	4,000,000.00	4,007,500.00	3,979,926.02	0.875		1.208	557	03/31/2011
Subtotal and Average				47,000,000.00	47,354,074.00	47,060,615.42			2.151	147	
US Govt Mortgage Passthroughs											
313401KA8	86-081	FEDERAL HOME LOAN MORT CORP	07/01/1994	34.61	36.45	37.31	13.500		12.154	376	10/01/2010
313401TJ0	87-009	FEDERAL HOME LOAN MORT CORP	07/01/1994	458.61	506.04	469.79	10.000		9.680	2,354	03/01/2016
Subtotal and Average				493.22	542.49	507.10			9.862	2,208	
Municipal Bonds											
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	0.400		1.075	102	12/31/2009
Subtotal and Average				4,000,000.00	4,000,000.00	4,000,000.00			1.075	102	

**CITY OF SUNNYVALE
 Portfolio Management
 Portfolio Details - Investments
 September 19, 2009**

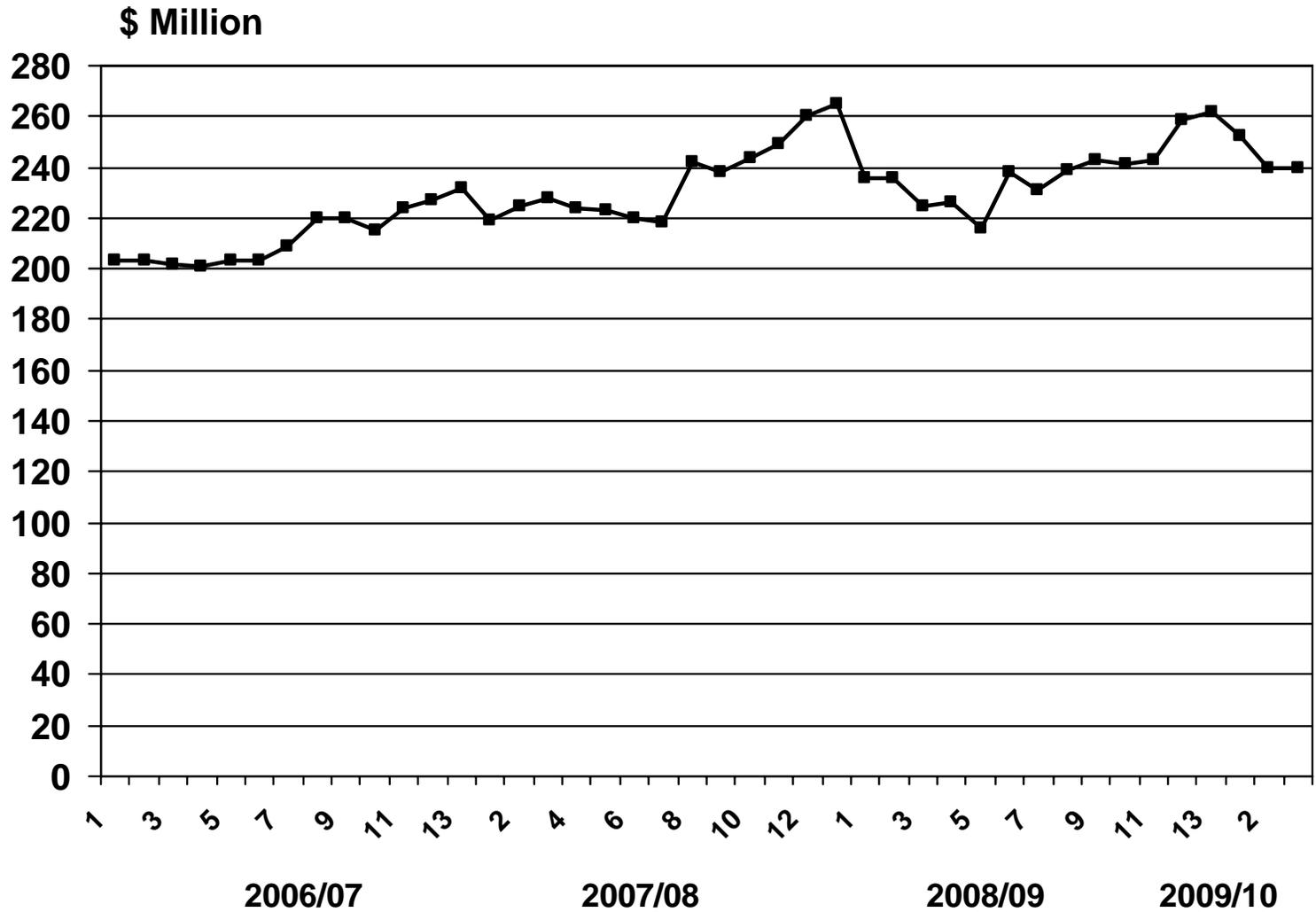
CUSIP	Investment #	Issuer	Purchase	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Total and Average				236,595,767.59	240,446,907.59	239,374,528.23			1.410	234

**CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Cash
September 19, 2009**

CUSIP	Investment #	Issuer	Purchase	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Subtotal and Average			Accrued Interest at Purchase		128,013.00	128,013.00				0
			Subtotal		128,013.00	128,013.00				
Total Cash and Investmentss				236,595,767.59	240,574,920.59	239,502,541.23			1.410	234

INVESTMENT PORTFOLIO

PORTFOLIO TREND



INVESTMENT PORTFOLIO COMPARISON OF ANNUAL YIELDS

