



Council Meeting: April 24, 2012

SUBJECT: City of Sunnyvale Investment Report – 1st Quarter 2012

BACKGROUND

In accordance with California 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. Staff invests all funds not immediately needed for disbursement. The current portfolio market value is \$225,269,048.

Funds for the City's Deferred Compensation Plan, the City's Retirement Plan, Retiree Medical Trust, and any proceeds of debt issuance are not invested by City staff. These funds are managed by third party administrators.

EXISTING POLICY

California Government Code Section 53600 et seq., strictly governs which investments public agencies can hold. In some cases, State law also governs what percentage of the portfolio can be invested in certain security types, maximum maturities, and minimum credit ratings by the major rating agencies (Standard & Poor's and Moody's Investors Service). Public agencies can only invest in fixed income securities. The purchase of stock is prohibited.

The City Council adopted a policy governing the investment of City funds on July 30, 1985. This policy is adopted annually in August. The City's investment policy follows the Government Code and includes additional restrictions on allowable investments.

The key provisions of the investment policy are safety, liquidity, and yield in that order. The safety of principal is the foremost objective of the investment program. The City's portfolio is diversified by type of investment, issuer, and maturity date. Diversification is required in order that potential losses on individual securities do not exceed the income generated.

The portfolio must remain sufficiently liquid to enable the City to meet all cash requirements. The portfolio will be maintained with the objectives of safety and liquidity first, and then the objective of yield.

The City's policy has been reviewed and certified by the Association of Public Treasurers of the United States & Canada (APT US&C) since 1999. The City is one of 21 agencies to have its investment policy certified by APT US&C.

DISCUSSION

This report provides information on the values (par, book and market), the type of investment, issuer, maturity date and yield of each investment. The par value of a bond is the amount that the issuer agrees to repay the City by the maturity date. The book value is what the City initially paid for the bond and market value is what the bond is worth now.

The market value is determined 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 and have no effect on the City's financials. The City will receive full par value for the investment at maturity.

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. The City's portfolio has a current yield of .71%.

Short term investments are placed in an interest bearing checking account with our primary banking institution, Union Bank and with the State's Local Agency Investment Fund (LAIF) to meet the liquidity needs of the City. LAIF is a program created by statute as an investment alternative for California's local governments and special districts. This program offers local agencies the opportunity to participate in a major portfolio pool administered by the State Treasurer's office. The current yield for the LAIF portfolio is .38%.

FISCAL IMPACT

Interest earnings for FY 2011/2012 as of Period 10 for all City funds totaled \$1,131,577.92.

PUBLIC CONTACT

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

RECOMMENDATION

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

Reviewed by:

Grace K. Leung, Finance Director

Prepared by: Therese B. Balbo, Finance Manager

Approved by:

Gary Luebbers, City Manager

Attachments

A. City of Sunnyvale's FY 2011/2012 Period 10 Investment Report



CITY OF SUNNYVALE

PORTFOLIO EVALUATION PERIOD 10 FY 2011/2012

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 October 2012.

Date: April 6, 2012

cc: Members of the City Council
City Manager

Grace Leung, Finance Director

PORTFOLIO EVALUATION - PERIOD 10 FY 2011/2012 (3/4/2012 - 3/31/2012)

DESCRIPTION	DOLLAR AMOUNT	FY 11/12 PERIOD 10 (3/4/12 - 3/31/12)	FY 11/12 PERIOD 9 (2/5/12 - 3/3/12)	FY 10/11 PERIOD 10 (3/6/11- 4/2/11)
TOTAL PORTFOLIO MARKET VALUE		\$225,269,048.44	\$231,486,235.82	\$212,028,671.17
AVERAGE LIFE OF PORTFOLIO (DAYS)		399	416	277
CITY - WEIGHTED YIELD (Current Period)		0.71%	0.73%	0.65%
STATE POOL YIELD		0.38%	0.39%	0.44%
90 DAY T-BILL RATE (Current Period)		0.08%	0.09%	0.09%
VARIANCE FROM CITY YIELD		0.63%	0.64%	0.56%
1 YEAR TREASURY RATE (Current Period)		0.19%	0.17%	0.26%
VARIANCE FROM CITY YIELD		0.52%	0.56%	0.39%
TREASURY YIELD WITH SAME AVG LIFE AS PORTFOLIO		0.26%	0.22%	0.24%
VARIANCE FROM CITY YIELD		0.45%	0.51%	0.41%
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TOTAL INVESTMENTS MATURING WITHIN 0 TO 1 YEAR	\$106,296,010.71	47.19%	44.11%	65.15%
TOTAL INVESTMENTS MATURING WITHIN 1 TO 3 YEARS	\$114,853,681.89	50.99%	54.13%	34.85%
TOTAL INVESTMENTS MATURING WITHIN 3 TO 5 YEARS	\$4,119,355.84	1.83%	1.76%	0.00%
TOTAL INVESTMENTS MATURING OVER 5 YEARS **	\$0.00	0.00%	0.00%	0.00%
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TOTAL	\$225,269,048.44	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 and Government Sponsored Enterprise 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 4, 2012 through March 31, 2012**

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	43,632,329.68	43,632,329.68	43,632,329.68	19.43	1	1	0.375	0.380
Medium Term Notes	17,835,000.00	18,030,719.76	17,987,301.40	8.01	965	832	1.179	1.196
Federal Agency Issues - Coupon	118,128,000.00	121,226,918.03	120,851,154.45	53.81	791	483	0.663	0.672
Treasury Securities - Coupon	38,000,000.00	38,259,725.13	38,116,512.43	16.97	803	290	0.760	0.771
US Govt Mortgage Passthroughs	176.38	195.84	180.68	0.00	7,914	1,430	9.548	9.680
Municipal Bonds	4,000,000.00	4,119,160.00	4,000,000.00	1.78	1,435	1,278	2.633	2.670
Investments	221,595,506.06	225,269,048.44	224,587,478.64	100.00%	665	399	0.700	0.710
Cash and Accrued Interest								
Accrued Interest at Purchase		46,392.50	46,392.50					
Subtotal		46,392.50	46,392.50					
Total Cash and Investments	221,595,506.06	225,315,440.94	224,633,871.14		665	399	0.700	0.710

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	135,716.35	1,131,577.92

GRACE LEUNG, TREASURER

CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
March 31, 2012

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts											
SYS90-119	90-119	STATEPOOL		43,632,329.68	43,632,329.68	43,632,329.68	0.380		0.380	1	
Subtotal and Average				43,632,329.68	43,632,329.68	43,632,329.68			0.380	1	
Medium Term Notes											
36962G4X9	11-023	GENERAL ELECTRIC	05/03/2011	3,000,000.00	3,062,220.00	3,023,157.26	2.100		1.651	646	01/07/2014
36962G5L4	12-010	GENERAL ELECTRIC	12/29/2011	4,000,000.00	4,001,256.00	4,000,000.00	1.500		1.500	1,002	12/29/2014
36962G5P5	12-012	GENERAL ELECTRIC	01/11/2012	3,000,000.00	2,998,464.00	3,000,000.00	1.500		1.500	1,013	01/09/2015
478160AX2	12-008	Johnson and Johnson	12/15/2011	5,000,000.00	5,086,450.00	5,071,570.11	1.200		0.523	774	05/15/2014
57629WBK5	12-017	MassMutual	01/30/2012	1,520,000.00	1,567,329.76	1,577,574.03	2.875		1.007	750	04/21/2014
59217FBU4	12-011	MetLife	01/04/2012	1,315,000.00	1,315,000.00	1,315,000.00	1.332		1.348	649	01/10/2014
Subtotal and Average				17,835,000.00	18,030,719.76	17,987,301.40			1.196	832	
Federal Agency Issues - Coupon											
31331JY56	11-011	FEDERAL FARM CREDIT BANK	12/22/2010	4,000,000.00	4,004,864.00	3,992,328.63	0.400		0.730	215	11/02/2012
31331KET3	11-018	FEDERAL FARM CREDIT BANK	04/01/2011	3,000,000.00	3,025,362.00	2,996,278.39	0.980		1.065	540	09/23/2013
31331GCS6	11-020	FEDERAL FARM CREDIT BANK	04/29/2011	3,000,000.00	3,156,324.00	3,133,539.91	3.875		0.901	554	10/07/2013
31331KCP3	11-022	FEDERAL FARM CREDIT BANK	04/29/2011	4,000,000.00	4,023,852.00	4,010,871.72	0.900		0.593	327	02/22/2013
31331KJQ4	11-024	FEDERAL FARM CREDIT BANK	05/02/2011	4,000,000.00	4,020,300.00	4,001,303.33	0.750		0.720	396	05/02/2013
31331KAH3	12-003	FEDERAL FARM CREDIT BANK	10/17/2011	4,000,000.00	4,042,160.00	4,043,862.03	1.125		0.545	697	02/27/2014
31331XLH3	12-009	FEDERAL FARM CREDIT BANK	12/28/2011	3,000,000.00	3,233,448.00	3,236,290.24	4.900		0.477	655	01/16/2014
3133EABH0	12-016	FEDERAL FARM CREDIT BANK	01/27/2012	4,000,000.00	3,985,024.00	3,999,377.57	0.375		0.383	701	03/03/2014
3133XQU34	11-019	FEDERAL HOME LOAN BANK	04/27/2011	4,000,000.00	4,154,960.00	4,132,848.40	3.625		0.737	423	05/29/2013
3133XSAE8	11-021	FEDERAL HOME LOAN BANK	04/29/2011	3,000,000.00	3,150,369.00	3,123,855.64	3.625		0.920	565	10/18/2013
3133XSP93	11-026	FEDERAL HOME LOAN BANK	06/10/2011	4,000,000.00	4,186,348.00	4,161,790.30	3.125		0.720	621	12/13/2013
3133XHXW7	11-027	FEDERAL HOME LOAN BANK	06/13/2011	4,000,000.00	4,297,828.00	4,276,695.02	4.875		0.656	605	11/27/2013
313371PU4	12-001	FEDERAL HOME LOAN BANK	09/14/2011	4,000,000.00	4,002,104.00	4,005,749.32	0.500		0.415	621	12/13/2013
3133XWKV0	12-002	FEDERAL HOME LOAN BANK	09/14/2011	4,000,000.00	4,153,000.00	4,147,754.98	2.375		0.470	712	03/14/2014
3128X9D80	11-005	FEDERAL HOME LOAN MORT CORP	12/07/2010	4,000,000.00	4,002,488.00	4,002,032.93	1.125		0.360	24	04/25/2012
3128X1KG1	11-016	FEDERAL HOME LOAN MORT CORP	01/25/2011	4,000,000.00	4,177,280.00	4,143,170.46	4.000		0.968	437	06/12/2013
3137EABS7	11-017	FEDERAL HOME LOAN MORT CORP	04/01/2011	3,000,000.00	3,169,149.00	3,133,377.86	4.125		1.090	544	09/27/2013
3137EACZ0	12-005	FEDERAL HOME LOAN MORT CORP	11/29/2011	4,000,000.00	4,000,812.00	3,992,755.03	0.375		0.377	605	11/27/2013
3137EACU1	12-014	FEDERAL HOME LOAN MORT CORP	01/19/2012	4,000,000.00	4,051,828.00	4,051,574.09	1.000		0.443	850	07/30/2014
31398AP71	11-006	FEDERAL NATL MORTGAGE ASSN	12/08/2010	4,000,000.00	4,009,768.00	4,006,257.76	1.250		0.551	82	06/22/2012
31398AP71	11-007	FEDERAL NATL MORTGAGE ASSN	12/10/2010	4,000,000.00	4,009,768.00	4,005,664.13	1.250		0.617	82	06/22/2012
31398AT77	11-008	FEDERAL NATL MORTGAGE ASSN	12/10/2010	4,000,000.00	4,012,772.00	4,006,454.24	1.125		0.633	120	07/30/2012
31359MUT8	12-006	FEDERAL NATL MORTGAGE ASSN	12/01/2011	4,000,000.00	4,299,280.00	4,290,505.85	4.125		0.535	744	04/15/2014

CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
March 31, 2012

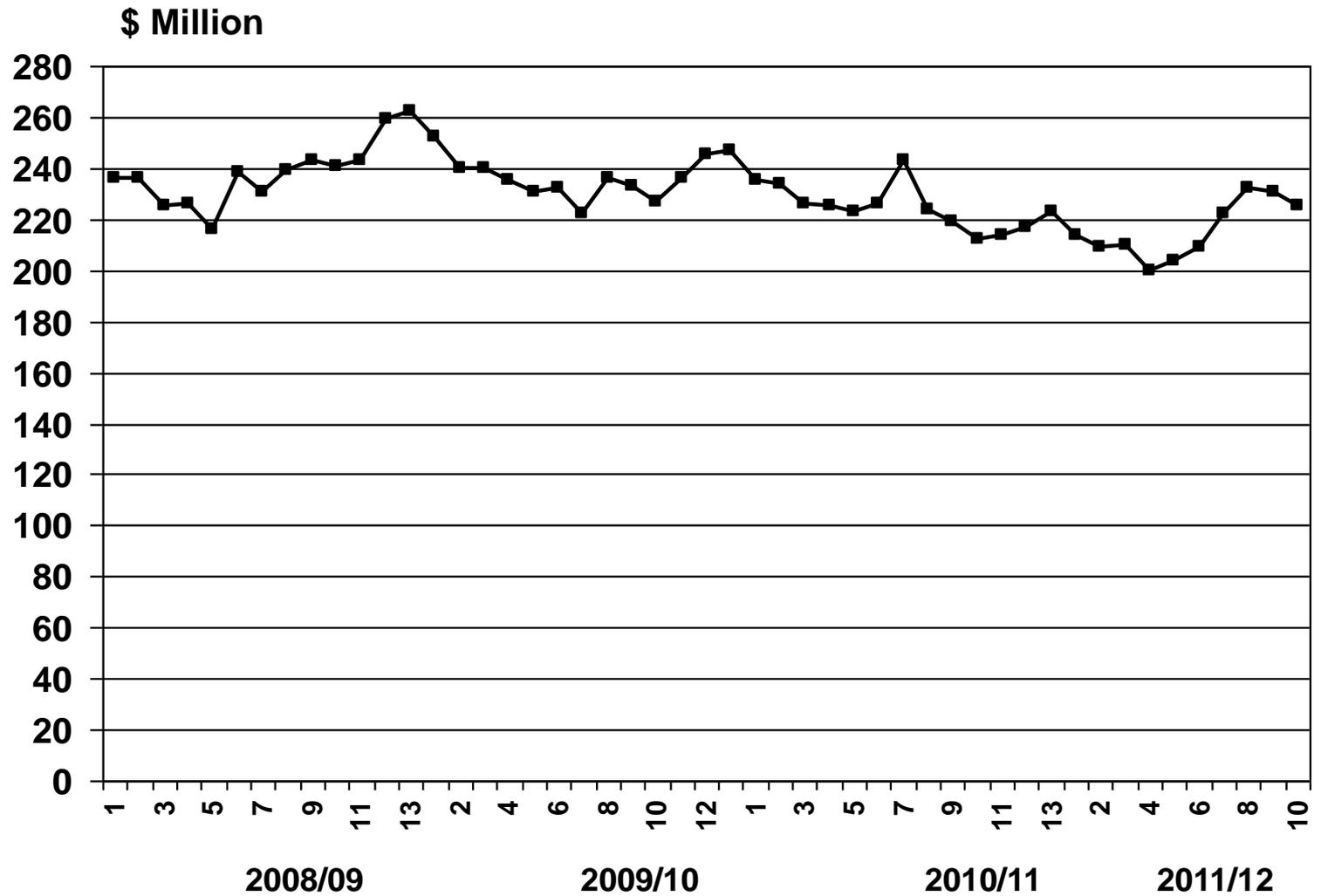
CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon											
31398A2W1	12-007	FEDERAL NATL MORTGAGE ASSN	12/09/2011	4,000,000.00	4,071,268.00	4,065,636.73	1.350		0.479	694	02/24/2014
3135G0BY8	12-015	FEDERAL NATL MORTGAGE ASSN	01/20/2012	4,000,000.00	4,034,004.00	4,035,937.06	0.875		0.499	879	08/28/2014
3135G0BJ1	12-018	FEDERAL NATL MORTGAGE ASSN	02/24/2012	4,000,000.00	4,070,052.00	4,061,382.21	1.125		0.435	817	06/27/2014
880591DT6	09-014	TENNESSEE VALLEY AUTHORITY	02/04/2009	3,128,000.00	3,156,446.03	3,147,796.43	6.790		2.220	52	05/23/2012
880591DT6	11-012	TENNESSEE VALLEY AUTHORITY	01/06/2011	4,000,000.00	4,036,376.00	4,036,167.73	6.790		0.500	52	05/23/2012
880591DW9	11-013	TENNESSEE VALLEY AUTHORITY	01/06/2011	4,000,000.00	4,235,836.00	4,189,716.76	4.750		1.131	487	08/01/2013
880591DW9	11-025	TENNESSEE VALLEY AUTHORITY	05/20/2011	4,000,000.00	4,235,836.00	4,211,389.57	4.750		0.746	487	08/01/2013
880591CW0	11-029	TENNESSEE VALLEY AUTHORITY	06/29/2011	4,000,000.00	4,218,012.00	4,208,790.13	6.000		0.506	348	03/15/2013
Subtotal and Average				118,128,000.00	121,226,918.03	120,851,154.45			0.672	483	
Treasury Securities - Coupon											
912828LM0	10-025	UNITED STATE TREASURY	05/13/2010	4,000,000.00	4,021,876.00	4,006,035.71	1.375		1.039	167	09/15/2012
912828LR9	10-026	UNITED STATE TREASURY	05/14/2010	4,000,000.00	4,025,936.00	4,005,843.22	1.375		1.099	197	10/15/2012
912828LB4	10-027	UNITED STATE TREASURY	05/27/2010	3,000,000.00	3,011,835.00	3,005,931.49	1.500		0.805	105	07/15/2012
912828LH1	10-028	UNITED STATE TREASURY	05/28/2010	4,000,000.00	4,023,752.00	4,012,067.90	1.750		0.929	136	08/15/2012
912828MB3	11-009	UNITED STATE TREASURY	12/21/2010	4,000,000.00	4,026,092.00	4,013,789.66	1.125		0.633	258	12/15/2012
912828MG2	11-010	UNITED STATE TREASURY	12/22/2010	4,000,000.00	4,036,564.00	4,021,830.50	1.375		0.679	289	01/15/2013
912828MT4	11-014	UNITED STATE TREASURY	01/07/2011	4,000,000.00	4,043,280.00	4,023,712.41	1.375		0.746	348	03/15/2013
912828NN6	11-015	UNITED STATE TREASURY	01/07/2011	4,000,000.00	4,037,187.50	4,011,813.86	1.000		0.768	470	07/15/2013
912828RA0	11-028	UNITED STATE TREASURY	06/30/2011	4,000,000.00	4,005,312.00	3,995,331.74	0.375		0.469	455	06/30/2013
912828NN6	11-030	UNITED STATE TREASURY	06/30/2011	3,000,000.00	3,027,890.63	3,020,155.94	1.000		0.474	470	07/15/2013
Subtotal and Average				38,000,000.00	38,259,725.13	38,116,512.43			0.771	290	
US Govt Mortgage Passthroughs											
313401TJ0	87-009	FEDERAL HOME LOAN MORT CORP	07/01/1994	176.38	195.84	180.68	10.000		9.680	1,430	03/01/2016
Subtotal and Average				176.38	195.84	180.68			9.680	1,430	
Municipal Bonds											
13063BNR9	12-004	Muni Bond -ST of CA Water Res	10/27/2011	4,000,000.00	4,119,160.00	4,000,000.00	2.674		2.670	1,278	10/01/2015
Subtotal and Average				4,000,000.00	4,119,160.00	4,000,000.00			2.670	1,278	

**CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
March 31, 2012**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Total and Average				221,595,506.06	225,269,048.44	224,587,478.64			0.710	399

INVESTMENT PORTFOLIO

PORTFOLIO TREND



INVESTMENT PORTFOLIO COMPARISON OF ANNUAL YIELDS

