

**Council Meeting: October 22, 2013****SUBJECT: City of Sunnyvale Investment Report – 3rd Quarter 2013****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 \$265,250,797.

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. As a result, the City primarily invests in highly rated securities such as U.S. Treasury, Federal agencies, and government sponsored enterprise debt.

The California Government Code also requires investment objectives of safety, liquidity, and yield in that order. As such, safety of principal is the foremost objective of the City's investment program. The portfolio must remain sufficiently liquid to enable the City to meet all cash requirements. 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 City Council adopted a policy governing the investment of City funds on July 30, 1985. This policy is adopted annually. The City's investment policy follows the Government Code and includes additional restrictions on some investments such as a lower allowable percentage per investment type or issuer than State law.

CEQA REVIEW

N/A

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.

Issued by the City Manager



CITY OF SUNNYVALE

PORTFOLIO EVALUATION PERIOD 3 FY 2013/2014

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 2014.

Date: September 25, 2013

Grace Leung, Finance Director

cc: Members of the City Council
City Manager

PORTFOLIO EVALUATION - PERIOD 3 FY 2013/2014 (8/18/2013 -9/14/2013)

DESCRIPTION	DOLLAR AMOUNT	FY 13/14 PERIOD 3 (8/18/13 - 9/14/13)	FY 13/14 PERIOD 2 (7/21/13 - 8/17/13)	FY 12/13 PERIOD 3 (8/19/12- 9/15/12)
TOTAL PORTFOLIO MARKET VALUE		\$265,250,796.62	\$257,412,538.66	\$234,021,746.50
AVERAGE LIFE OF PORTFOLIO (DAYS)		444	449	423
CITY - WEIGHTED YIELD (Current Period)		0.53%	0.52%	0.64%
STATE POOL YIELD		0.26%	0.27%	0.35%
90 DAY T-BILL RATE (Current Period)		0.02%	0.04%	0.10%
VARIANCE FROM CITY YIELD		0.51%	0.48%	0.54%
1 YEAR TREASURY RATE (Current Period)		0.13%	0.12%	0.18%
VARIANCE FROM CITY YIELD		0.40%	0.40%	0.46%
TREASURY YIELD WITH SAME AVG LIFE AS PORTFOLIO		0.21%	0.18%	0.29%
VARIANCE FROM CITY YIELD		0.32%	0.34%	0.35%
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TOTAL INVESTMENTS MATURING WITHIN 0 TO 1 YEAR	\$131,515,809.65	49.58%	45.63%	44.65%
TOTAL INVESTMENTS MATURING WITHIN 1 TO 3 YEARS	\$125,713,114.97	47.39%	49.68%	50.45%
TOTAL INVESTMENTS MATURING WITHIN 3 TO 5 YEARS	\$8,021,872.00	3.03%	4.69%	4.90%
TOTAL INVESTMENTS MATURING OVER 5 YEARS **	\$0.00	0.00%	0.00%	0.00%
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TOTAL	\$265,250,796.62	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
August 18, 2013 through September 14, 2013

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	45,847,897.65	45,847,897.65	45,847,897.65	17.27	1	1	0.237	0.240
Medium Term Notes	37,000,000.00	37,543,163.00	37,583,395.98	14.16	1,086	561	0.794	0.805
Federal Agency Issues - Coupon	127,260,000.00	128,260,731.52	128,317,627.41	48.35	893	408	0.498	0.504
Treasury Securities - Coupon	49,000,000.00	49,480,655.00	49,653,472.03	18.71	1,037	835	0.453	0.459
US Govt Mortgage Passthroughs	102.18	109.45	104.67	0.00	7,914	898	9.548	9.680
Municipal Bonds	4,000,000.00	4,118,240.00	4,000,000.00	1.51	1,435	746	2.633	2.670
Investments	263,107,999.83	265,250,796.62	265,402,497.74	100.00%	801	444	0.518	0.525
Cash and Accrued Interest								
Accrued Interest at Purchase		53,066.72	53,066.72					
Subtotal		53,066.72	53,066.72					
Total Cash and Investments	263,107,999.83	265,303,863.34	265,455,564.46		801	444	0.518	0.525

Total Earnings	September 14 Period Ending	Fiscal Year To Date
Current Year	104,025.84	284,040.21

GRACE LEUNG, TREASURER

Reporting period 08/18/2013-09/14/2013

Run Date: 09/25/2013 - 14:20

Portfolio CITY
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CITY OF SUNNYVALE
Portfolio Management
Activity By Type
August 18, 2013 through September 14, 2013

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Managed Pool Accounts (Monthly Summary)							
Subtotal							45,847,897.65
Medium Term Notes							
Subtotal							37,583,395.98
Federal Agency Issues - Coupon							
3137EACT4	14-004	FEDERAL HOME LOAN MORT CORP	2.500	09/03/2013	4,190,400.00	0.00	
Subtotal							4,190,400.00
Treasury Securities - Coupon							
912828RF9	14-003	UNITED STATE TREASURY	1.000	08/19/2013	4,029,200.00	0.00	
Subtotal							4,029,200.00
US Govt Mortgage Passthroughs							
Subtotal							104.67
Municipal Bonds							
Subtotal							4,000,000.00
Total					8,219,600.00	0.00	265,402,497.74

CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
September 14, 2013

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		45,847,897.65	45,847,897.65	45,847,897.65	0.240		0.240	1	
Subtotal and Average				45,847,897.65	45,847,897.65	45,847,897.65			0.240	1	
Medium Term Notes											
36962G4X9	11-023	GENERAL ELECTRIC	05/03/2011	3,000,000.00	3,016,497.00	3,004,078.01	2.100		1.651	114	01/07/2014
36962G5L4	12-010	GENERAL ELECTRIC	12/29/2011	4,000,000.00	4,017,900.00	4,000,000.00	1.074		1.220	470	12/29/2014
36962G5P5	12-012	GENERAL ELECTRIC	01/11/2012	3,000,000.00	3,000,078.00	3,000,000.00	1.079		1.221	481	01/09/2015
38259PAC6	13-006	Google	12/05/2012	4,000,000.00	4,124,368.00	4,154,983.92	2.125		0.659	977	05/19/2016
459200GX3	13-007	IBM	12/17/2012	3,000,000.00	3,071,829.00	3,101,113.90	1.950		0.750	1,041	07/22/2016
478160AX2	12-008	Johnson and Johnson	12/15/2011	5,000,000.00	5,025,300.00	5,022,482.76	1.200		0.523	242	05/15/2014
594918AG9	12-020	Microsoft Corp	05/02/2012	4,000,000.00	4,080,612.00	4,082,156.34	1.625		0.601	740	09/25/2015
594918AB0	12-021	Microsoft Corp	05/04/2012	4,000,000.00	4,070,092.00	4,072,009.00	2.950		0.405	259	06/01/2014
594918AK0	12-023	Microsoft Corp	05/18/2012	3,000,000.00	3,112,263.00	3,131,227.52	2.500		0.650	876	02/08/2016
89233P5Z5	12-022	TOYOTA	05/14/2012	4,000,000.00	4,024,224.00	4,015,344.53	1.000		0.727	520	02/17/2015
Subtotal and Average				37,000,000.00	37,543,163.00	37,583,395.98			0.805	561	
Federal Agency Issues - Coupon											
31331KET3	11-018	FEDERAL FARM CREDIT BANK	04/01/2011	3,000,000.00	3,000,525.00	2,999,944.04	0.980		1.065	8	09/23/2013
31331GCS6	11-020	FEDERAL FARM CREDIT BANK	04/29/2011	3,000,000.00	3,006,639.00	3,005,380.73	3.875		0.901	22	10/07/2013
31331KAH3	12-003	FEDERAL FARM CREDIT BANK	10/17/2011	4,000,000.00	4,018,688.00	4,010,358.09	1.125		0.545	165	02/27/2014
31331XLH3	12-009	FEDERAL FARM CREDIT BANK	12/28/2011	3,000,000.00	3,048,180.00	3,044,327.32	4.900		0.477	123	01/16/2014
3133EABH0	12-016	FEDERAL FARM CREDIT BANK	01/27/2012	4,000,000.00	4,005,472.00	3,999,848.89	0.375		0.383	169	03/03/2014
31331GL80	12-028	FEDERAL FARM CREDIT BANK	06/27/2012	4,000,000.00	4,114,620.00	4,105,696.00	3.000		0.394	372	09/22/2014
3133EAQ68	13-002	FEDERAL FARM CREDIT BANK	09/14/2012	3,000,000.00	3,002,157.00	2,999,429.96	0.250		0.270	347	08/28/2014
3133ECFV1	13-016	FEDERAL FARM CREDIT BANK	03/20/2013	4,000,000.00	3,978,580.00	4,001,792.65	0.430		0.353	866	01/29/2016
3133ECLN2	13-020	FEDERAL FARM CREDIT BANK	05/06/2013	4,000,000.00	3,990,264.00	4,000,461.31	0.250		0.243	610	05/18/2015
3133XSAE8	11-021	FEDERAL HOME LOAN BANK	04/29/2011	3,000,000.00	3,009,396.00	3,007,337.95	3.625		0.920	33	10/18/2013
3133XSP93	11-026	FEDERAL HOME LOAN BANK	06/10/2011	4,000,000.00	4,029,424.00	4,023,263.96	3.125		0.720	89	12/13/2013
3133XHXW7	11-027	FEDERAL HOME LOAN BANK	06/13/2011	4,000,000.00	4,037,892.00	4,033,426.24	4.875		0.656	73	11/27/2013
313371PU4	12-001	FEDERAL HOME LOAN BANK	09/14/2011	4,000,000.00	4,003,088.00	4,000,826.70	0.500		0.415	89	12/13/2013
3133XWKV0	12-002	FEDERAL HOME LOAN BANK	09/14/2011	4,000,000.00	4,045,372.00	4,037,621.82	2.375		0.470	180	03/14/2014
3133XUMR1	12-027	FEDERAL HOME LOAN BANK	06/27/2012	4,000,000.00	4,121,288.00	4,110,794.51	3.250		0.440	362	09/12/2014
313379ER6	13-012	FEDERAL HOME LOAN BANK	01/16/2013	1,260,000.00	1,261,136.52	1,264,041.33	0.500		0.315	635	06/12/2015
313375RN9	13-018	FEDERAL HOME LOAN BANK	04/22/2013	3,000,000.00	3,023,124.00	3,045,429.53	1.000		0.388	908	03/11/2016
313379ER6	13-021	FEDERAL HOME LOAN BANK	05/06/2013	4,000,000.00	4,003,608.00	4,017,748.41	0.500		0.244	635	06/12/2015
3133834R9	13-022	FEDERAL HOME LOAN BANK	05/13/2013	4,000,000.00	3,955,944.00	3,992,050.78	0.375		0.447	1,013	06/24/2016

CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
September 14, 2013

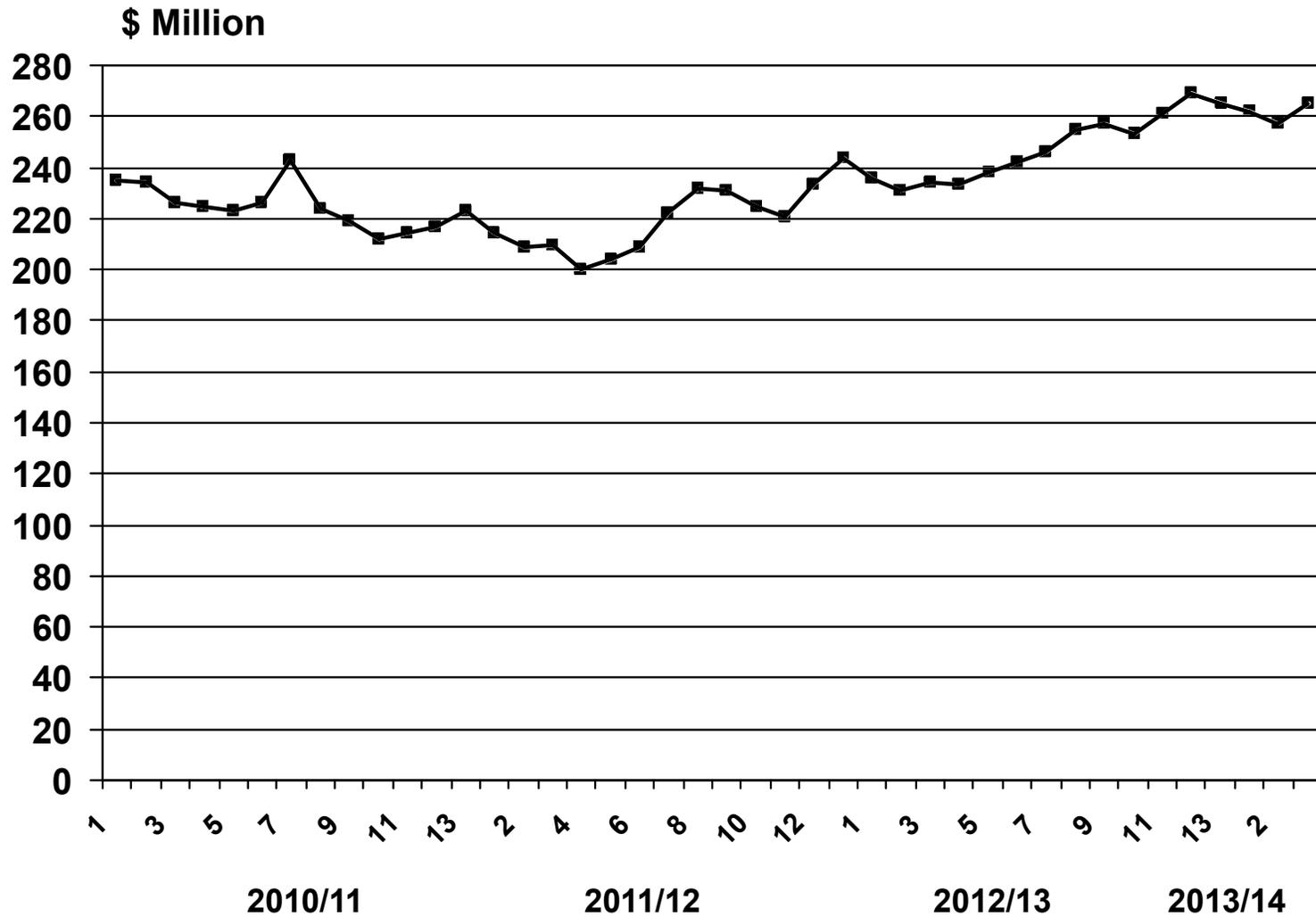
CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency Issues - Coupon											
313383R78	14-001	FEDERAL HOME LOAN BANK	07/18/2013	4,000,000.00	3,979,112.00	4,004,489.83	0.750		0.710	1,037	07/18/2016
3137EABS7	11-017	FEDERAL HOME LOAN MORT CORP	04/01/2011	3,000,000.00	3,003,717.00	3,002,986.07	4.125		1.090	12	09/27/2013
3137EACZ0	12-005	FEDERAL HOME LOAN MORT CORP	11/29/2011	4,000,000.00	4,002,248.00	3,999,124.77	0.375		0.377	73	11/27/2013
3137EACU1	12-014	FEDERAL HOME LOAN MORT CORP	01/19/2012	4,000,000.00	4,029,272.00	4,019,363.34	1.000		0.443	318	07/30/2014
3134G2UA8	12-019	FEDERAL HOME LOAN MORT CORP	04/30/2012	3,000,000.00	3,022,233.00	3,016,649.10	1.000		0.400	339	08/20/2014
3137EADD8	12-024	FEDERAL HOME LOAN MORT CORP	05/29/2012	4,000,000.00	4,008,508.00	3,996,221.16	0.500		0.560	579	04/17/2015
3137EACY3	12-026	FEDERAL HOME LOAN MORT CORP	06/11/2012	3,000,000.00	3,018,492.00	3,011,353.17	0.750		0.431	436	11/25/2014
3137EACT4	14-004	FEDERAL HOME LOAN MORT CORP	09/03/2013	4,000,000.00	4,171,316.00	4,188,078.05	2.500		0.738	985	05/27/2016
31359MUT8	12-006	FEDERAL NATL MORTGAGE ASSN	12/01/2011	4,000,000.00	4,091,984.00	4,083,114.75	4.125		0.535	212	04/15/2014
31398A2W1	12-007	FEDERAL NATL MORTGAGE ASSN	12/09/2011	4,000,000.00	4,021,836.00	4,015,280.00	1.350		0.479	162	02/24/2014
3135G0BY8	12-015	FEDERAL NATL MORTGAGE ASSN	01/20/2012	4,000,000.00	4,026,516.00	4,014,217.31	0.875		0.499	347	08/28/2014
3135G0BJ1	12-018	FEDERAL NATL MORTGAGE ASSN	02/24/2012	4,000,000.00	4,030,096.00	4,021,476.16	1.125		0.435	285	06/27/2014
3136FPWZ6	12-025	FEDERAL NATL MORTGAGE ASSN	06/11/2012	3,000,000.00	3,036,852.00	3,029,091.99	1.300		0.467	428	11/17/2014
3135G0HG1	13-010	FEDERAL NATL MORTGAGE ASSN	01/14/2013	4,000,000.00	4,000,848.00	4,004,040.20	0.375		0.307	547	03/16/2015
3135G0LN1	13-011	FEDERAL NATL MORTGAGE ASSN	01/16/2013	4,000,000.00	4,003,732.00	4,011,742.39	0.500		0.336	655	07/02/2015
3135G0BA0	13-019	FEDERAL NATL MORTGAGE ASSN	04/22/2013	4,000,000.00	4,158,572.00	4,200,618.90	2.375		0.411	939	04/11/2016
Subtotal and Average				127,260,000.00	128,260,731.52	128,317,627.41			0.504	408	
Treasury Securities - Coupon											
912828TK6	13-001	UNITED STATE TREASURY	08/21/2012	4,000,000.00	3,985,468.00	3,988,215.62	0.250		0.405	699	08/15/2015
912828TP5	13-003	UNITED STATE TREASURY	10/09/2012	3,000,000.00	2,986,875.00	2,995,207.46	0.250		0.330	730	09/15/2015
912828PJ3	13-004	UNITED STATE TREASURY	11/07/2012	4,000,000.00	4,072,812.00	4,084,258.72	1.375		0.414	806	11/30/2015
912828RL6	13-005	UNITED STATE TREASURY	11/09/2012	4,000,000.00	4,014,064.00	4,010,744.00	0.500		0.251	395	10/15/2014
912828PM6	13-009	UNITED STATE TREASURY	12/19/2012	4,000,000.00	4,140,624.00	4,157,268.29	2.125		0.398	837	12/31/2015
912828KT6	13-013	UNITED STATE TREASURY	01/18/2013	4,000,000.00	4,171,248.00	4,196,892.12	2.375		0.422	928	03/31/2016
912828TD2	13-014	UNITED STATE TREASURY	02/27/2013	3,000,000.00	2,991,093.00	2,997,835.54	0.250		0.290	668	07/15/2015
912828NP1	13-015	UNITED STATE TREASURY	02/27/2013	3,000,000.00	3,073,944.00	3,081,969.74	1.750		0.288	684	07/31/2015
912828SU5	13-017	UNITED STATE TREASURY	04/17/2013	4,000,000.00	3,993,280.00	4,000,994.79	0.250		0.235	607	05/15/2015
912828RF9	13-023	UNITED STATE TREASURY	06/04/2013	4,000,000.00	4,014,687.50	4,050,500.69	1.000		0.568	1,081	08/31/2016
912828RJ1	13-024	UNITED STATE TREASURY	06/27/2013	4,000,000.00	4,010,936.00	4,020,259.89	1.000		0.831	1,111	09/30/2016
912828RJ1	14-002	UNITED STATE TREASURY	08/05/2013	4,000,000.00	4,010,936.00	4,040,836.72	1.000		0.660	1,111	09/30/2016
912828RF9	14-003	UNITED STATE TREASURY	08/19/2013	4,000,000.00	4,014,687.50	4,028,488.45	1.000		0.756	1,081	08/31/2016
Subtotal and Average				49,000,000.00	49,480,655.00	49,653,472.03			0.459	835	

**CITY OF SUNNYVALE
Portfolio Management
Portfolio Details - Investments
September 14, 2013**

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
US Govt Mortgage Passthroughs											
313401TJ0	87-009	FEDERAL HOME LOAN MORT CORP	07/01/1994	102.18	109.45	104.67	10.000		9.680	898	03/01/2016
Subtotal and Average				102.18	109.45	104.67			9.680	898	
Municipal Bonds											
13063BNR9	12-004	Muni Bond -ST of CA Water Res	10/27/2011	4,000,000.00	4,118,240.00	4,000,000.00	2.674		2.670	746	10/01/2015
Subtotal and Average				4,000,000.00	4,118,240.00	4,000,000.00			2.670	746	
Total and Average				263,107,999.83	265,250,796.62	265,402,497.74			0.525	444	

INVESTMENT PORTFOLIO

PORTFOLIO TREND



INVESTMENT PORTFOLIO COMPARISON OF ANNUAL YIELDS

