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# **MEMORANDUM**

**Department of Financial Services**

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**To:** Honorable Mayor and City Council  
**Through:** Thomas C. Williams, City Manager  
**From:** Emma C. Karlen, Director of Financial Services  
**By:** Kyle Spencer, Accounting Technician  
**Subject:** **City of Milpitas Investment Portfolio Status Report for the Quarter Ended March 31, 2007**  
**Date:** April 20, 2007

## **DISCUSSION**

In compliance with the State of California Government Code and the City's Investment Policy, the City of Milpitas Investment Report for the period ended March 31, 2007 is submitted for your review and acceptance. State law requires that a report be submitted to the City Council each quarter.

The attached Portfolio Summary Report provides a summary of the City's investments by type. It lists the par value, market value, book value, percentage of portfolio, term, and days to maturity and the equivalent yields for each type of investment. The Portfolio Details Report provides the same information for each individual investment in the City's portfolio as of March 31, 2007.

The cash balance as of March 31, 2007 consists of \$4,120,170 held in the City's checking accounts and \$3,239,939 bond reserve funds invested by the fiscal agent. Since the bond reserve funds are invested in accordance with permitted investment provisions of their specific bond indentures, these investments are not included in the calculation of the equivalent yields on the City's investment portfolio.

The market values of the securities were provided by Interactive Data, an independent service provider of market valuation. All the securities owned by the City are held in safekeeping by a third party bank trust department, acting as agent for the City under the terms of a custody agreement.

The investment portfolio is in compliance with the current investment policy. A combination of securities maturing, new revenues, and tax receipts will adequately cover the anticipated cash flow needs for the next six months. Cash flow requirements are continually monitored and are considered paramount in the selection of maturity dates of securities.

As of March 31, 2007, the principal cost and market value of the City's pooled cash and investment portfolio was \$243,810,886 and \$243,318,406 respectively. When market interest rates increase after an investment is purchased, the market value of that investment decreases. Conversely, when market interest rates decline after an investment is purchased, the market

value of that investment increases. If the investments are not sold prior to the maturity date, there is no market risk. Therefore, in accordance with the City's investment policy, all investments are held until maturity to ensure the return of all invested principal.

The effective rate of return for the period ended March 31, 2007 was 3.90%. The comparative benchmarks for the same period were 4.96% for LAIF (Local Agency Investment Fund) and 4.81% for the 12-month average yield of the 2 year Treasury Note. Excluding the long-term GNMA securities and Repurchase Investment Agreement, the weighted average maturity of the portfolio was 384 days.

To provide a visual picture of the City's investment portfolio, three graphs are presented to show investment by type of securities, by maturity levels, and comparison of the City's portfolio yields to other benchmark yields for the last 12 quarters. A schedule of Investment Portfolio Status is also included in the report. This schedule provides a trend of the type of securities in the City's portfolio, weighted average maturity, average yield, and benchmarks of LAIF and the 12-month average yield of the 2 year Treasury Note.

**RECOMMENDATION**

It is recommended that the City Council note, receipt, and file the investment report for the period ended March 31, 2007.

**CITY OF MILPITAS**  
**INVESTMENT PORTFOLIO STATUS**

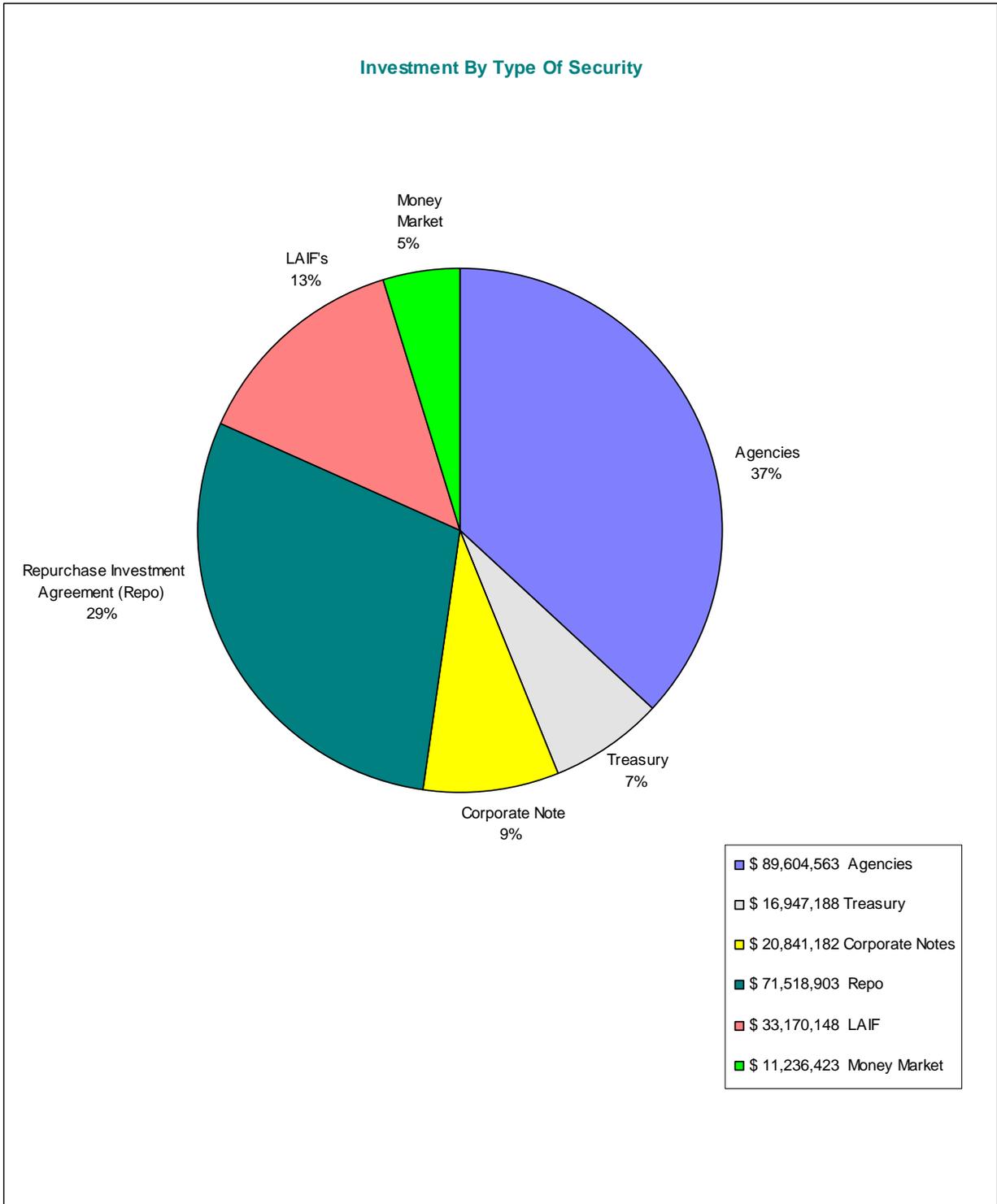
**PERCENT OF TOTAL DOLLARS INVESTED AT QUARTER ENDED**

<u><b>TYPE OF SECURITY</b></u>	<u><b>Mar-07</b></u>	<u><b>Dec-06</b></u>	<u><b>Sep-06</b></u>	<u><b>Jun-06</b></u>
LAIF & Money Market	18	19	11	15
Corporate Medium Term Notes	9	9	9	7
Treasury Notes / Bills	7	8	8	9
Federal Agency	37	33	38	38
Repurchase Investment Agreement	29	31	34	31
Commerical Paper	0	0	0	0
	100	100	100	100

	<u><b>Mar-07</b></u>	<u><b>Dec-06</b></u>	<u><b>Sep-06</b></u>	<u><b>Jun-06</b></u>
Market Value	243,318,406	237,822,503	225,571,949	242,843,411
Cost	243,810,886	238,818,655	226,791,072	245,079,241
<b>Days</b>				
Weighted Average Maturity	(1) 384	302	359	288
<b>Rates</b>				
Average Yield	3.90%	3.56%	3.59%	3.39%
<b>Benchmarks:</b>				
LAIF	4.96%	4.87%	4.77%	4.45%
2 Year Treasury - (12 Month Average)	4.81%	4.80%	4.73%	4.53%

(1) Excludes GNMA & Repurchase Investment Agreement

**CITY OF MILPITAS**  
**INVESTMENT PORTFOLIO STATUS**  
March 31, 2007

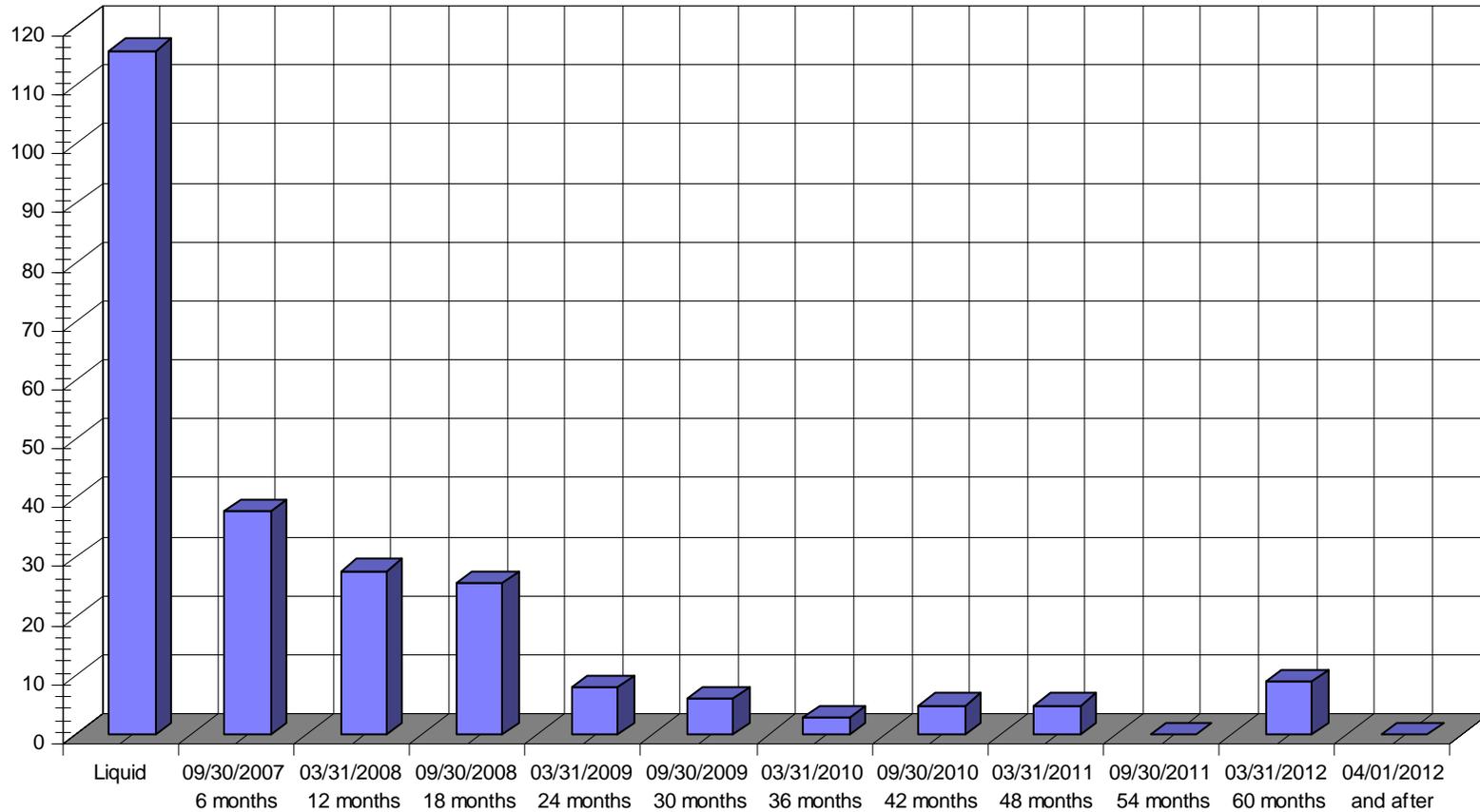


# City of Milpitas Investment Portfolio Yields Compared to Benchmarks for the Quarters Ended 06/30/04 – 03/31/07



Exhibit 3

### City of Milpitas Investment Portfolio Maturity by Six Month Intervals as of 03/31/07



**City of Milpitas  
Portfolio Management  
Portfolio Summary  
March 31, 2007**

Report Ver. 5.00

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365
LAF	33,179,522.06	33,170,148.15	33,179,522.06	13.60	1	1	4.892	4.960
Money Market Funds	11,236,422.84	11,236,422.84	11,236,422.84	4.60	1	1	5.001	5.070
Corporate Notes	21,000,000.00	20,841,181.87	20,890,366.28	8.56	1,139	673	4.567	4.631
Federal Agency	86,000,000.00	85,592,183.40	85,975,401.43	35.26	1,225	560	4.087	4.144
Federal Agency Discounts	4,000,000.00	3,925,200.20	3,927,491.11	1.61	252	134	5.081	5.152
Treasury Coupon Securities	17,000,000.00	16,947,187.50	17,000,724.01	6.97	707	197	4.057	4.113
GNMA	82,055.65	87,179.42	82,055.65	0.03	7,172	3,611	8.322	8.438
Repurchase Investment Agreement	71,518,902.82	71,518,902.82	71,518,902.82	29.33	1	1	2.520	2.555
<b>Total Investments and Averages</b>	<b>244,016,903.37</b>	<b>243,318,406.20</b>	<b>243,810,886.20</b>	<b>100.00%</b>	<b>586</b>	<b>273</b>	<b>3.835</b>	<b>3.889</b>

Cash	Par Value	Market Value	Book Value	Term	Days to Maturity	YTM 360 Equiv.	YTM 365
Passbook/Checking (not included in yield calculations)	7,360,109.67	7,424,260.47	7,360,109.67			4.952	5.021
<b>Total Cash and Investments</b>	<b>251,377,013.04</b>	<b>250,678,515.87</b>	<b>251,170,995.87</b>	<b>586</b>	<b>273</b>	<b>3.835</b>	<b>3.889</b>

Total Earnings	March 31 Month Ending	Fiscal Year To Date
Current Year	829,817.20	6,663,061.08
Average Daily Balance	250,248,742.22	241,299,347.11
Effective Rate of Return	3.90%	3.68%

To the best of my knowledge, this report accurately reflects all City and RDA pooled investments and is in conformity with all State laws and the City's investment policy.

A copy of the policy is available at the office of the City Clerk. This investment program herein shown provides sufficient cash flow liquidity to meet next six months' estimated expenditures.

*Em C. Karlen* 4/24/07

Emma C. Karlen  
Director of Finance  
Date

**City of Milpitas  
Portfolio Management  
Portfolio Details - Investments  
March 31, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
<b>LAIF</b>												
SYS82000010	82000010	Local Agency Invest. Fd - City			10,000,000.00	9,997,174.79	10,000,000.00	4.960		4.960	1	
SYS97090401	97090401	Local Agency Invest. Fd - MPFA			14,900,000.00	14,895,790.44	14,900,000.00	4.960		4.960	1	
SYS82000900	82000900	Local Agency Invest. Fd - RDA			8,200,000.00	8,197,683.33	8,200,000.00	4.960		4.960	1	
SYS00121401	00121401	Local Agency Invest Fd - COP00			79,522.06	79,499.59	79,522.06	4.960		4.960	1	
<b>Subtotal and Average</b>			<b>31,259,780.12</b>		<b>33,179,522.06</b>	<b>33,170,148.15</b>	<b>33,179,522.06</b>			<b>4.960</b>	<b>1</b>	
<b>Money Market Funds</b>												
SYS06121301	06121301	Dreyfus Treasury Fund		12/13/2006	9,390,413.62	9,390,413.62	9,390,413.62	5.070	Aaa	5.070	1	
SYS98122102	98122102	Dreyfus Treasury Fund			1,846,009.22	1,846,009.22	1,846,009.22	5.070	Aaa	5.070	1	
<b>Subtotal and Average</b>			<b>19,812,407.99</b>		<b>11,236,422.84</b>	<b>11,236,422.84</b>	<b>11,236,422.84</b>			<b>5.070</b>	<b>1</b>	
<b>Corporate Notes</b>												
94975CAK3	04041601	Wells Fargo Financial		04/16/2004	1,000,000.00	998,535.00	1,003,597.52	4.875	Aa1	2.950	72	06/12/2007
36962GJ70	05083102	General Electric Capital Corp		08/31/2005	1,000,000.00	994,886.03	997,722.67	3.450	Aaa	4.269	106	07/16/2007
36962GD68	03122301	General Electric Capital Corp		12/23/2003	1,000,000.00	993,769.07	1,001,536.10	3.500	Aaa	3.059	136	08/15/2007
949746CQ2	05050501	Wells Fargo Financial		05/05/2005	1,000,000.00	991,165.01	998,572.59	3.750	Aa1	4.030	197	10/15/2007
172967DB4	06011302	Citigroup Inc		01/13/2006	1,000,000.00	992,196.96	996,232.05	4.200	Aa1	4.741	263	12/20/2007
172967BS9	05093001	Citigroup Inc		09/30/2005	1,000,000.00	992,894.17	996,604.66	3.500	Aa1	4.405	306	02/01/2008
892332AL1	04012102	Toyota Motor Credit		01/21/2004	1,000,000.00	971,228.94	975,977.02	2.875	Aaa	3.179	488	08/01/2008
060505BC7	05112301	Bank of America Corp		11/23/2005	1,000,000.00	981,638.49	981,638.49	3.250	Aa1	4.689	502	08/15/2008
92976FAS2	06011301	Wachovia Bank NA		01/13/2006	1,000,000.00	988,110.05	995,441.63	4.375	Aa1	4.730	502	08/15/2008
949746JB8	05112302	Wells Fargo Financial		11/23/2005	1,000,000.00	983,432.01	981,337.39	4.000	Aa1	4.677	502	08/15/2008
892332AH0	06092801	Toyota Motor Credit		09/28/2006	2,000,000.00	2,008,580.02	2,015,685.12	5.500	Aaa	5.004	624	12/15/2008
922380AD2	06050902	BPLN Vastar Resources		05/09/2006	1,000,000.00	1,027,725.07	1,022,491.36	6.500	Aa1	5.270	731	04/01/2009
931142BE2	06050901	Walmart Stores		05/09/2006	1,000,000.00	1,040,879.97	1,032,089.86	6.875	Aa2	5.370	862	08/10/2009
36962GR48	06031001	General Electric Capital Corp		03/10/2006	1,000,000.00	981,150.06	976,925.18	4.125	Aaa	5.180	884	09/01/2009
931142BX0	06041102	Walmart Stores		04/11/2006	1,000,000.00	977,310.94	969,168.15	4.000	Aa2	5.230	1,020	01/15/2010
931142BZ5	07012302	Walmart Stores		01/23/2007	1,000,000.00	975,657.88	973,762.27	4.125	Aa2	5.100	1,187	07/01/2010
172967DA6	07012301	Citigroup Inc		01/23/2007	1,000,000.00	988,955.99	985,038.43	4.625	Aa1	5.120	1,220	08/03/2010
931142CA9	06041101	Walmart Stores		04/11/2006	1,000,000.00	992,872.93	985,709.88	4.750	Aa2	5.227	1,232	08/15/2010
060505BF0	06100201	Bank of America Corp		10/02/2006	1,000,000.00	978,018.95	978,520.07	4.375	Aa1	5.030	1,340	12/01/2010
949746NB3	06092802	Wells Fargo Financial		09/28/2006	1,000,000.00	994,427.03	995,398.69	4.875	Aa1	5.010	1,382	01/12/2011
<b>Subtotal and Average</b>			<b>20,888,861.24</b>		<b>21,000,000.00</b>	<b>20,841,181.87</b>	<b>20,890,366.28</b>			<b>4.631</b>	<b>673</b>	
<b>Federal Agency</b>												
3136F5RL7	04041901	Federal Natl. Mortgage Assoc		04/19/2004	1,000,000.00	998,750.00	1,000,000.00	2.720	Aaa	2.720	18	04/19/2007
3128X06G9	03101801	Fed Home Loan Mortgage Corp		10/16/2003	2,000,000.00	1,997,059.94	2,000,000.00	3.000	Aaa	3.000	24	04/25/2007

**City of Milpitas**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency</b>												
3133X1SH1	03111001	Federal Home Loan Bank		11/10/2003	2,000,000.00	1,995,000.00	2,000,000.00	3.050	Aaa	3.050	39	05/10/2007
3128X1CC5	03052701	Fed Home Loan Mortgage Corp		05/27/2003	2,000,000.00	1,991,802.06	2,000,000.00	2.480	Aaa	2.480	54	05/25/2007
3133X2Q24	03121501	Federal Home Loan Bank		12/15/2003	2,000,000.00	1,991,250.00	2,000,000.00	3.170	Aaa	3.170	75	06/15/2007
3128X3PJ6	04062801	Fed Home Loan Mortgage Corp		06/28/2004	1,000,000.00	996,562.50	1,000,000.00	3.800	Aaa	3.800	88	06/28/2007
31359MVU4	04070601	Federal Nat'l. Mortgage Assoc		07/06/2004	1,000,000.00	995,937.50	1,000,000.00	3.750	Aaa	3.750	96	07/06/2007
31331VR32	06071901	Federal Farm Credit Bank		07/19/2006	1,000,000.00	1,000,625.00	1,000,000.00	5.500	Aaa	5.500	109	07/19/2007
3133X5RY6	04042001	Federal Home Loan Bank		04/20/2004	1,000,000.00	991,875.00	1,000,000.00	2.500	Aaa	2.500	110	07/20/2007
31331Q6M4	03073001	Federal Farm Credit Bank		07/30/2003	2,000,000.00	1,985,000.00	2,000,000.00	3.000	Aaa	3.000	120	07/30/2007
31331Q7C5	03081301	Federal Farm Credit Bank		08/13/2003	1,000,000.00	991,875.00	1,000,000.00	3.050	Aaa	3.050	134	08/13/2007
3133MWP47	03022801	Federal Home Loan Bank		02/28/2003	2,000,000.00	1,983,750.00	2,000,000.00	3.200	Aaa	3.200	149	08/28/2007
31331TYF2	04031001	Federal Farm Credit Bank		03/10/2004	2,000,000.00	1,976,875.00	1,999,360.63	2.625	Aaa	2.698	169	09/17/2007
3128X0EB1	03090401	Fed Home Loan Mortgage Corp		09/04/2003	1,000,000.00	990,462.04	998,845.57	3.500	Aaa	3.721	207	10/25/2007
31331XEF5	06112101	Federal Farm Credit Bank		11/21/2006	2,000,000.00	1,998,125.00	2,000,000.00	5.100	Aaa	5.100	234	11/21/2007
3128X2FK6	03121901	Fed Home Loan Mortgage Corp		12/19/2003	1,000,000.00	989,297.94	1,000,000.00	3.625	Aaa	3.625	262	12/19/2007
3128X3NH2	04062101	Fed Home Loan Mortgage Corp		06/21/2004	1,000,000.00	991,844.03	1,000,000.00	4.000	Aaa	4.000	264	12/21/2007
3133X4UG4	04032901	Federal Home Loan Bank		03/29/2004	2,000,000.00	1,969,375.00	2,000,000.00	3.010	Aaa	3.011	271	12/28/2007
3133X35B5	04011601	Federal Home Loan Bank		01/16/2004	2,000,000.00	1,971,875.00	2,000,000.00	3.300	Aaa	3.300	291	01/17/2008
31331QZR1	04010903	Federal Farm Credit Bank		01/09/2004	2,000,000.00	1,968,125.00	1,999,543.37	3.100	Aaa	3.130	296	01/22/2008
3128X2NS0	04012801	Fed Home Loan Mortgage Corp		01/28/2004	1,000,000.00	985,079.04	1,000,000.00	3.250	Aaa	3.250	302	01/28/2008
31359MQP1	03101602	Federal Nat'l. Mortgage Assoc		01/16/2003	1,000,000.00	986,875.00	999,974.96	3.500	Aaa	3.502	302	01/28/2008
3133XBD93	05031701	Federal Home Loan Bank		03/17/2005	3,000,000.00	2,973,750.00	3,000,000.00	4.125	Aaa	4.126	320	02/15/2008
3133XK4T9	07030601	Federal Home Loan Bank		03/06/2007	2,000,000.00	1,998,125.00	2,000,000.00	5.000	Aaa	5.000	340	03/06/2008
31331VTH9	06031401	Federal Farm Credit Bank		03/14/2006	2,000,000.00	1,998,750.00	2,000,181.03	5.030	Aaa	5.020	348	03/14/2008
3133MXFT1	04022401	Federal Home Loan Bank		02/24/2004	1,000,000.00	978,750.00	998,214.52	2.750	Aaa	2.950	348	03/14/2008
31331TZY0	04042101	Federal Farm Credit Bank		04/21/2004	2,000,000.00	1,963,125.00	2,000,000.00	3.240	Aaa	3.240	386	04/21/2008
3128X1ED5	03051301	Fed Home Loan Mortgage Corp		05/13/2003	2,000,000.00	1,956,995.85	2,000,000.00	3.000	Aaa	3.000	408	05/13/2008
3136F3SY3	04030401	Federal Nat'l. Mortgage Assoc		03/04/2004	1,000,000.00	980,937.50	1,000,000.00	3.250	Aaa	3.249	411	05/16/2008
31359MRW5	04012101	Federal Nat'l. Mortgage Assoc		01/21/2004	2,000,000.00	1,952,500.00	1,993,783.11	2.875	Aaa	3.170	414	05/19/2008
31331XJP8	06122601	Federal Farm Credit Bank		12/26/2006	1,000,000.00	1,998,750.00	2,000,000.00	4.950	Aaa	4.950	452	06/26/2008
31339XSL9	04022402	Federal Home Loan Bank		02/24/2004	1,000,000.00	974,375.00	997,005.79	2.830	Aaa	3.090	452	06/26/2008
31331VM52	06072501	Federal Farm Credit Bank		07/25/2006	2,000,000.00	2,011,875.00	2,000,634.61	5.500	Aaa	5.471	459	07/03/2008
3133X07M5	03081901	Federal Home Loan Bank		08/19/2003	2,000,000.00	1,961,875.00	2,000,000.00	3.500	Aaa	3.500	506	08/19/2008
31359M5T6	07022701	Federal Nat'l. Mortgage Assoc		02/27/2007	2,000,000.00	2,005,000.00	2,000,463.18	5.125	Aaa	5.107	520	09/02/2008
3133XJUG8	07022001	Federal Home Loan Bank		02/20/2007	2,000,000.00	2,001,875.00	1,999,388.15	5.000	Aaa	5.021	530	09/12/2008
31359MX40	06091501	Federal Nat'l. Mortgage Assoc		09/15/2006	2,000,000.00	2,001,875.00	2,000,000.00	5.000	Aaa	5.000	533	09/15/2008
31359ME74	07012304	Federal Nat'l. Mortgage Assoc		01/23/2007	2,000,000.00	2,003,125.00	1,998,007.78	5.000	Aaa	5.059	663	01/23/2009

**City of Milpitas**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**March 31, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
<b>Federal Agency</b>												
3133XJQP6	07012303	Federal Home Loan Bank		01/23/2007	2,000,000.00	2,003,750.00	1,997,551.16	5.000	Aaa	5.070	675	02/04/2009
3133XJQP6	07012305	Federal Home Loan Bank		01/23/2007	2,000,000.00	2,003,750.00	1,997,805.12	5.000	Aaa	5.062	675	02/04/2009
31331VQ66	06072001	Federal Farm Credit Bank		07/20/2006	3,000,000.00	3,033,750.00	3,000,000.00	5.375	Aaa	5.375	841	07/20/2009
3133XGYT5	06091502	Federal Home Loan Bank		09/15/2006	2,000,000.00	2,008,750.00	2,000,000.00	5.000	Aaa	5.003	985	12/11/2009
3133XJEL8	06122201	Federal Home Loan Bank		12/22/2006	2,000,000.00	1,996,250.00	2,000,000.00	5.000	Aaa	5.000	1,178	06/22/2010
31331XNE8	07020101	Federal Farm Credit Bank		02/01/2007	3,000,000.00	3,021,562.50	3,000,000.00	5.050	Aaa	5.050	1,402	02/01/2011
3133XJ6K9	06121201	Federal Home Loan Bank		12/12/2006	2,000,000.00	1,988,125.00	2,000,000.00	5.000	Aaa	5.000	1,716	12/12/2011
3133XJKM9	07011201	Federal Home Loan Bank		01/12/2007	2,000,000.00	2,002,500.00	2,000,000.00	5.100	Aaa	5.100	1,747	01/12/2012
31331XMN9	07020501	Federal Farm Credit Bank		02/05/2007	2,000,000.00	2,018,080.00	1,994,642.45	5.040	Aaa	5.140	1,759	01/24/2012
3133XJWV6	07021301	Federal Home Loan Bank		02/13/2007	3,000,000.00	3,006,562.50	3,000,000.00	5.300	Aaa	5.300	1,779	02/13/2012
		<b>Subtotal and Average</b>	<b>85,664,220.38</b>		<b>86,000,000.00</b>	<b>85,592,183.40</b>	<b>85,975,401.43</b>			<b>4.144</b>	<b>560</b>	

<b>Federal Agency Discounts</b>												
313588KJ3	06120401	Federal Nat'l Mort Assoc Disc		12/04/2006	4,000,000.00	3,925,200.20	3,927,491.11		AAA	5.152	134	08/13/2007
		<b>Subtotal and Average</b>	<b>3,919,374.44</b>		<b>4,000,000.00</b>	<b>3,925,200.20</b>	<b>3,927,491.11</b>			<b>5.152</b>	<b>134</b>	

<b>Treasury Coupon Securities</b>												
912828CG3	04051701	United States Treasury Note		05/17/2004	1,000,000.00	997,500.00	999,937.12	3.125	Aaa	3.180	44	05/15/2007
912828DW7	05053101A	United States Treasury Note		05/31/2005	1,495,946.76	1,492,206.89	1,495,746.78	3.500	Aaa	3.585	60	05/31/2007
912828DW7	05053101B	United States Treasury Note		05/31/2005	1,504,053.24	1,500,283.11	1,503,852.17	3.500	Aaa	3.585	60	05/31/2007
912828DY3	05063001	United States Treasury Note		06/30/2005	3,000,000.00	2,989,687.50	3,000,070.27	3.625	Aaa	3.615	90	06/30/2007
9128273E0	06082801	United States Treasury Note		08/28/2006	2,000,000.00	2,007,500.00	2,007,757.46	6.125	Aaa	5.043	136	08/15/2007
912828EF3	05083101	United States Treasury Note		08/31/2005	2,000,000.00	1,991,875.00	2,000,000.00	4.000	Aaa	4.000	152	08/31/2007
912828EU0	06013101	United States Treasury Note		01/31/2006	2,000,000.00	1,990,625.00	1,998,980.55	4.375	Aaa	4.439	305	01/31/2008
912828EY2	07011601	United States Treasury Note		01/16/2007	2,000,000.00	1,994,375.00	1,993,109.72	4.625	Aaa	5.013	334	02/29/2008
912828EC0	05093002	United States Treasury Note		09/30/2005	2,000,000.00	1,983,125.00	2,001,269.94	4.125	Aaa	4.074	502	08/15/2008
		<b>Subtotal and Average</b>	<b>17,001,148.00</b>		<b>17,000,000.00</b>	<b>16,947,187.50</b>	<b>17,000,724.01</b>			<b>4.113</b>	<b>197</b>	

<b>GNMA</b>												
36216NNL3	88021601A	GNMA		07/01/1997	14,965.66	16,228.91	14,965.66	9.500	Aaa	9.615	3,485	10/15/2016
36216QCC8	88021601B	GNMA		07/01/1997	0.00	0.00	0.00	9.500	Aaa	9.615	0	10/15/2016
36217ENG3	87052601C	GNMA		07/01/1997	10,967.36	11,662.80	10,967.36	8.500	Aaa	8.588	3,546	12/15/2016
36217KGX0	87052601D	GNMA		07/01/1997	2,114.15	2,262.86	2,114.15	8.500	Aaa	8.588	3,008	02/15/2017
36217AT46	87042001C	GNMA		07/01/1997	14,514.94	15,325.60	14,514.94	8.000	Aaa	8.075	3,636	03/15/2017
36217FKE8	87042001A	GNMA		07/01/1997	33,732.01	35,615.94	33,732.01	8.000	Aaa	8.076	3,667	04/15/2017
36217PUL9	87042001B	GNMA		07/01/1997	5,761.53	6,083.31	5,761.53	8.000	Aaa	8.076	3,667	04/15/2017

Portfolio MILP  
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City of Milpitas  
 Portfolio Management  
 Portfolio Details - Investments  
 March 31, 2007

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365 Maturity	Days to Maturity	Maturity Date
	Subtotal and Average		82,288.20		82,055.65	87,179.42	82,055.65			8.438	3,611	
<b>Repurchase Investment Agreement</b>												
03112001	03112001	Citigroup Global Markets Inc		11/20/2003	71,518,902.82	71,518,902.82	71,518,902.82	2.520		2.555	1	
	Subtotal and Average		71,620,651.83		71,518,902.82	71,518,902.82	71,518,902.82			2.555	1	
	Total Investments and Average		250,248,742.22		244,016,903.37	243,318,406.20	243,810,886.20			3.889	273	

**City of Milpitas**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**March 31, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	
<b>Cash Accounts</b>												
SYS1000	1000	Cash in Bank				4,120,170.18	4,120,170.18	5.030		5.030	1	
SYS1030	1030	Cash with Fiscal Agent				3,304,090.29	3,239,939.49	5.010		5.010	1	
<b>Total Cash and Investments</b>			<b>250,248,742.22</b>		<b>251,377,013.04</b>	<b>250,742,666.67</b>	<b>251,170,995.87</b>			<b>3.889</b>	<b>273</b>	

**City of Milpitas  
Portfolio Management  
Activity By Type  
March 1, 2007 through March 31, 2007**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>LAIF (Monthly Summary)</b>							
SYS97090401	97090401	Local Agency Invest. Fd - MPFA	4.960		8,100,000.00	6,600,000.00	
SYS00121401	00121401	Local Agency Invest Fd - COP00	4.960		0.00	16,000.00	
		<b>Subtotal</b>			<b>8,100,000.00</b>	<b>6,616,000.00</b>	<b>33,179,522.06</b>
<b>Money Market Funds (Monthly Summary)</b>							
SYS1000	1000	Cash in Bank	5.030		4,120,170.18	906,510.00	
SYS06121301	06121301	Dreyfus Treasury Fund	5.070		40,293.98	0.00	
SYS98122102	98122102	Dreyfus Treasury Fund	5.070		7,921.17	0.00	
SYS1030	1030	Cash with Fiscal Agent	5.010		3,239,939.49	7,756,612.31	
		<b>Subtotal</b>			<b>7,408,324.82</b>	<b>8,663,122.31</b>	<b>11,236,422.84</b>
<b>Corporate Notes</b>							
		<b>Subtotal</b>					<b>20,890,366.28</b>
<b>Federal Agency</b>							
3133XEVS5	06030101	Federal Home Loan Bank	4.875	03/01/2007	0.00	2,000,000.00	
3133XK4T9	07030601	Federal Home Loan Bank	5.000	03/06/2007	2,000,000.00	0.00	
		<b>Subtotal</b>			<b>2,000,000.00</b>	<b>2,000,000.00</b>	<b>85,975,401.43</b>
<b>Federal Agency Discounts</b>							
		<b>Subtotal</b>					<b>3,927,491.11</b>
<b>Treasury Coupon Securities</b>							
		<b>Subtotal</b>					<b>17,000,724.01</b>
<b>GNMA</b>							
36217FKE8	87042001A	GNMA	8.000	03/15/2007	0.00	179.17	
36217PUL9	87042001B	GNMA	8.000	03/15/2007	0.00	116.90	
36217AT46	87042001C	GNMA	8.000	03/15/2007	0.00	78.04	
36217ENG3	87052601C	GNMA	8.500	03/15/2007	0.00	63.21	
36217KGX0	87052601D	GNMA	8.500	03/15/2007	0.00	14.01	
36216NNL3	88021601A	GNMA	9.500	03/15/2007	0.00	85.74	
		<b>Subtotal</b>			<b>0.00</b>	<b>537.07</b>	<b>82,055.65</b>
<b>Repurchase Investment Agreement</b>							

City of Milpitas  
 Portfolio Management

Activity By Type  
 March 1, 2007 through March 31, 2007

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
03112001	03112001	Citigroup Global Markets Inc	2.520		0.00	143,373.61	
		Subtotal			0.00	143,373.61	71,518,902.82
		Total			17,508,324.82	17,423,032.99	243,810,886.20

Repurchase Investment Agreement

## City of Milpitas

### Investment Broker Dealer List

Citigroup Global Markets Inc. (Solomon Smith Barney)

Morgan Stanley Dean Witter

Mischler Financial Group, Inc.

Vining Sparks IBG, L.P.

Dreyfus Institutional Services

State of California Local Agency Investment Fund