

CITY OF MILPITAS
INVESTMENT PORTFOLIO STATUS

PERCENT OF TOTAL DOLLARS INVESTED AT QUARTER ENDED

<u>TYPE OF SECURITY</u>	<u>Sep-08</u>	<u>Jun-08</u>	<u>Mar-08</u>	<u>Dec-07</u>
LAIF & Money Market	48	50	48	42
Corporate Medium Term Notes	10	10	10	9
Treasury Notes / Bills	4	5	7	8
Federal Agency	38	35	35	40
Repurchase Investment Agreement	0	0	0	0
Commerical Paper	0	0	0	1
	100	100	100	100

	<u>Sep-08</u>	<u>Jun-08</u>	<u>Mar-08</u>	<u>Dec-07</u>
Market Value	190,558,098	220,816,032	215,024,911	214,548,323
Cost	189,600,246	219,271,365	211,638,207	212,800,574

Days

Weighted Average Maturity (1)	468	436	431	455
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Rates

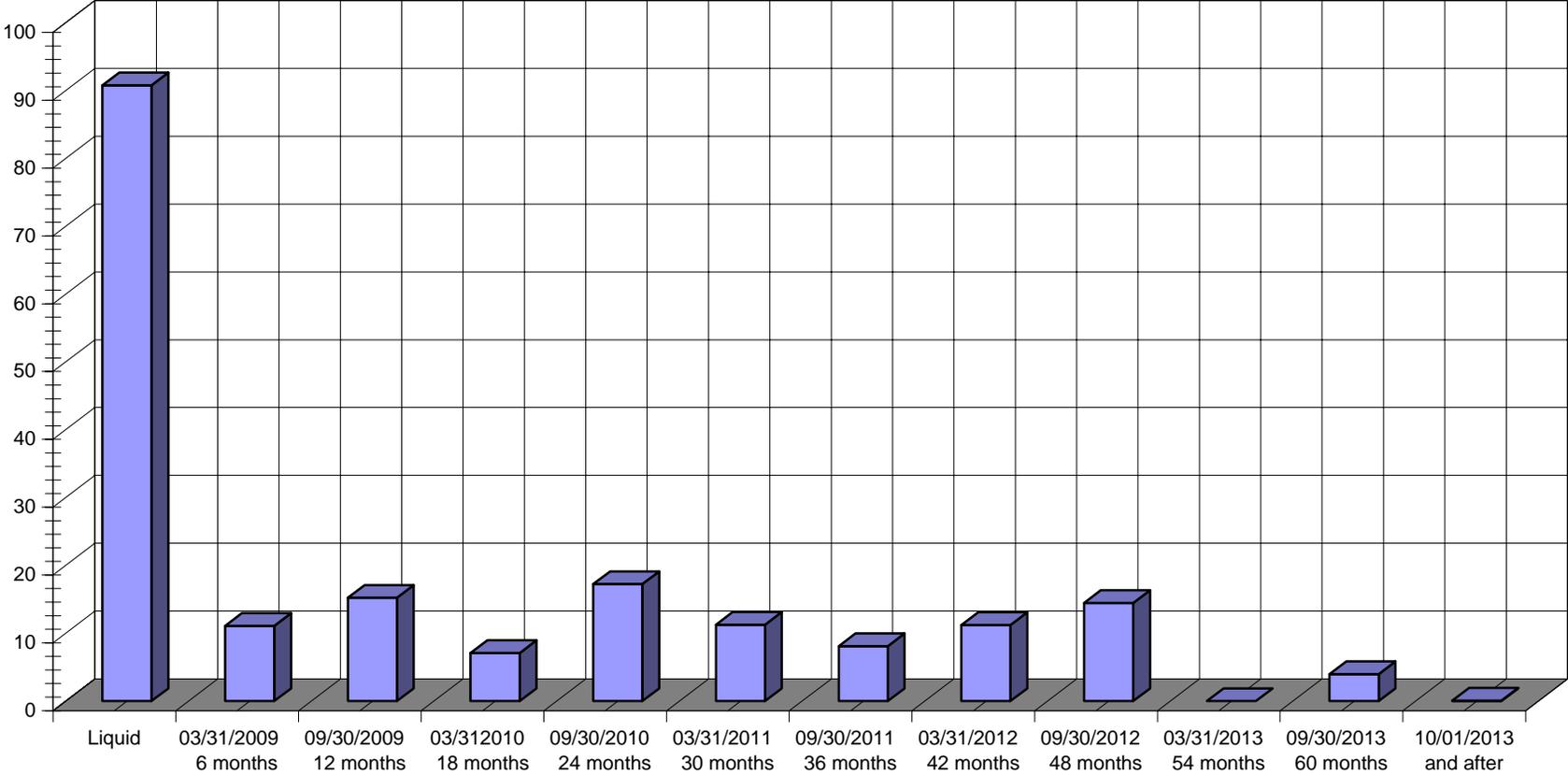
Average Yield	3.58%	3.83%	4.30%	4.70%
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Benchmarks:

LAIF	2.52%	2.64%	3.52%	4.55%
2 Year Treasury - (12 Month Average)	2.48%	2.96%	3.53%	4.27%

(1) Excludes GNMA & Bond Proceeds

**City of Milpitas Investment Portfolio
Maturity by Six Month Intervals as of 09/30/08**



City of Milpitas Investment Portfolio Yields Compared to Benchmarks for the Quarters Ended 12/31/05 – 09/30/08

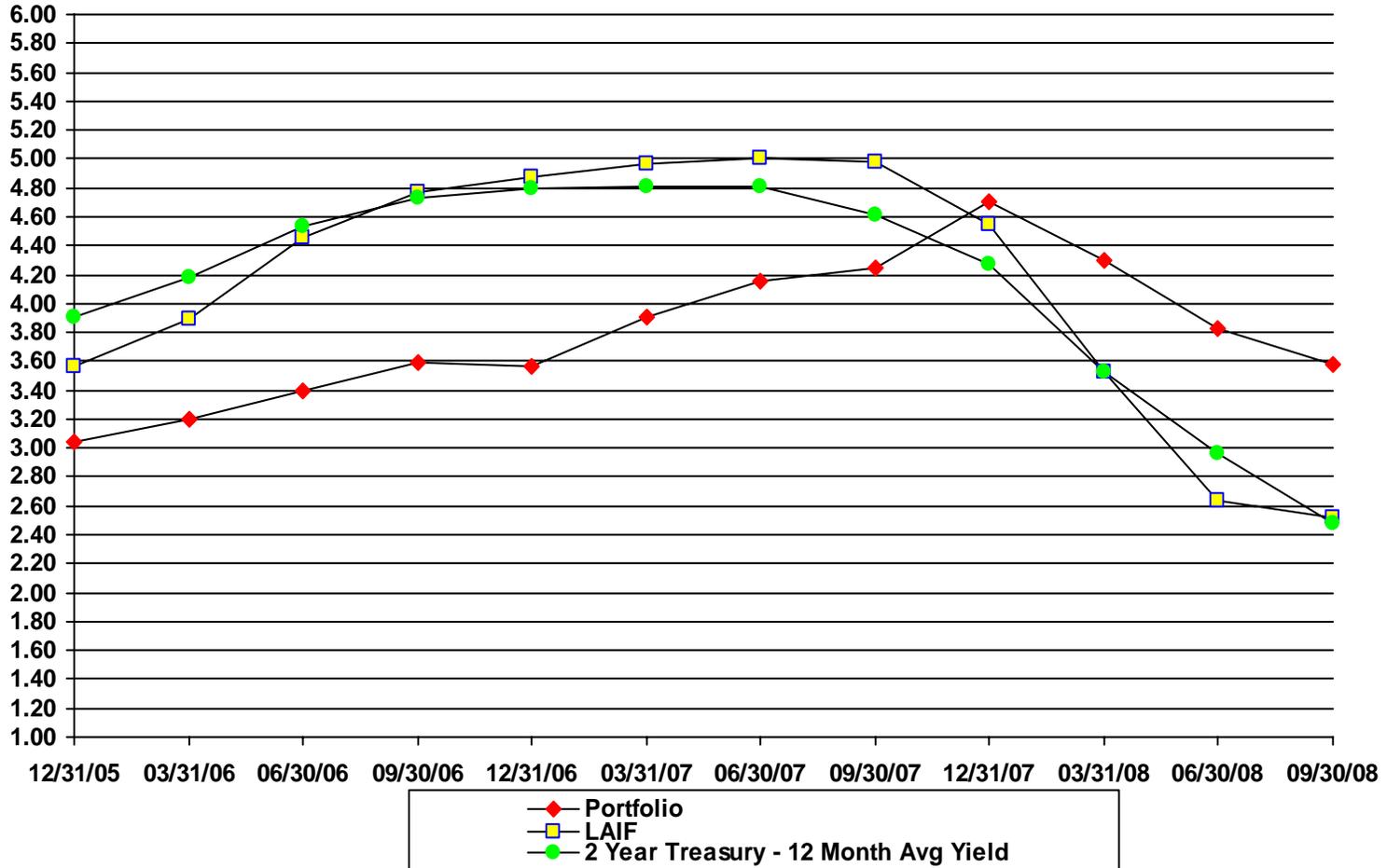


Exhibit 3

**City of Milpitas
Portfolio Management
Portfolio Summary
September 30, 2008**

Report Ver. 5.00

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365
LAIIF	88,983,671.83	88,906,940.86	88,983,671.83	46.93	1	1	2.485	2.520
Money Market Funds	2,416,754.51	2,416,754.51	2,416,754.51	1.27	1	1	1.322	1.340
Corporate Notes	18,000,000.00	17,912,487.76	18,041,566.45	9.51	1,195	577	4.872	4.939
Federal Agency	72,000,000.00	72,809,687.50	72,134,663.95	38.04	1,194	796	4.306	4.366
Treasury Coupon Securities	8,000,000.00	8,443,750.00	7,960,935.64	4.19	1,409	932	4.907	4.975
GNMA	62,653.59	68,477.21	62,653.59	0.03	7,187	3,077	8.174	8.287
Total Investments and Averages	189,463,079.93	190,558,097.84	189,600,245.97	100.00%	630	399	3.494	3.542
Cash					Term	Days to Maturity	YTM 360 Equiv.	YTM 365
Passbook/Checking (not included in yield calculations)	3,789,867.29	3,789,867.29	3,789,867.29				1.548	1.570
Total Cash and Investments	193,252,947.22	194,347,965.13	193,390,113.26		630	399	3.494	3.542

Total Earnings	September 30 Month Ending	Fiscal Year To Date
Current Year	600,699.15	1,909,919.58
Average Daily Balance	204,115,632.74	211,015,770.78
Effective Rate of Return	3.58%	3.59%

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.

Janet Carpio for Emma C. Karlen 10/27/08
 Emma C. Karlen Date
 Director of Finance

**City of Milpitas
Portfolio Management
Portfolio Details - Investments
September 30, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
LAIF												
SYS82000010	82000010	Local Agency Invest. Fd - City			21,800,000.00	21,781,201.77	21,800,000.00	2.520		2.520	1	
SYS97090401	97090401	Local Agency Invest. Fd - MPFA			18,500,000.00	18,484,047.38	18,500,000.00	2.520		2.520	1	
SYS07111602	07111602	Local Agency Invest. Fd - RDA			28,683,671.83	28,668,937.79	28,683,671.83	2.520		2.520	1	
SYS82000900	82000900	Local Agency Invest. Fd - RDA			20,000,000.00	19,982,753.92	20,000,000.00	2.520		2.520	1	
	Subtotal and Average		91,746,005.16		88,983,671.83	88,906,940.86	88,983,671.83			2.520	1	
Money Market Funds												
SYS06121301	06121301	Dreyfus Treasury Fund			7,094.03	7,094.03	7,094.03	1.340	AAA	1.340	1	
SYS98122102	98122102	Dreyfus Treasury Fund			2,409,660.48	2,409,660.48	2,409,660.48	1.340	AAA	1.340	1	
	Subtotal and Average		14,299,582.41		2,416,754.51	2,416,754.51	2,416,754.51			1.340	1	
Corporate Notes												
892332AH0	06092801	Toyota Motor Credit		09/28/2006	2,000,000.00	2,000,003.97	2,001,890.39	5.500	AAA	5.004	75	12/15/2008
922380AD2	06050902	BPLN Vastar Resources		05/09/2006	1,000,000.00	1,009,031.07	1,005,622.84	6.500	AA	5.270	182	04/01/2009
931142BE2	06050901	Walmart Stores		05/09/2006	1,000,000.00	1,027,064.97	1,011,679.35	6.875	AA	5.370	313	08/10/2009
36962GR48	06031001	General Electric Capital Corp		03/10/2006	1,000,000.00	986,408.97	991,247.48	4.125	AAA	5.180	335	09/01/2009
742718BM0	07062802	Proctor & Gamble Co		06/28/2007	1,000,000.00	1,029,485.93	1,014,161.41	6.875	AA-	5.280	349	09/15/2009
36962GZ31	07041802	General Electric Capital Corp		04/18/2007	1,000,000.00	986,842.96	1,002,293.07	5.250	AAA	5.019	391	10/27/2009
88579EAB1	07070202	3M Company		07/02/2007	1,000,000.00	1,014,411.01	1,000,121.68	5.125	AA	5.090	401	11/06/2009
931142BX0	06041102	Walmart Stores		04/11/2006	1,000,000.00	1,002,995.00	985,751.02	4.000	AA	5.230	471	01/15/2010
931142BZ5	07012302	Walmart Stores		01/23/2007	1,000,000.00	1,019,629.06	984,514.62	4.125	AA	5.100	638	07/01/2010
172967DA6	07012301	Citigroup Inc		01/23/2007	1,000,000.00	913,083.04	991,759.93	4.625	AA-	5.120	671	08/03/2010
931142CA9	06041101	Walmart Stores		04/11/2006	1,000,000.00	1,031,511.99	992,066.28	4.750	AA	5.227	683	08/15/2010
36962GS62	08031401	General Electric Capital Corp		03/14/2008	1,000,000.00	968,128.97	1,033,667.24	4.875	AAA	3.155	750	10/21/2010
060505BF0	06100201	Bank of America Corp		10/02/2006	1,000,000.00	959,194.03	987,307.31	4.375	AA	5.030	791	12/01/2010
892332AM9	07041801	Toyota Motor Credit		04/18/2007	1,000,000.00	1,034,530.95	986,416.99	4.350	AAA	5.030	805	12/15/2010
949746NB3	06092802	Wells Fargo Financial		09/28/2006	1,000,000.00	996,858.05	997,224.34	4.875	AA+	5.010	833	01/12/2011
36962GW59	08031402	General Electric Capital Corp		03/14/2008	1,000,000.00	961,186.07	1,042,110.87	5.500	AAA	3.750	939	04/28/2011
02003MBQ6	08060201	Allstate Life Global Fd Trst		06/02/2008	1,000,000.00	970,121.71	1,013,731.63	5.375	AA-	5.150	1,672	04/30/2013
	Subtotal and Average		18,042,952.05		18,000,000.00	17,912,487.76	18,041,566.45			4.939	577	
Federal Agency												
3133XLM59	07062901	Federal Home Loan Bank		06/29/2007	2,000,000.00	2,010,000.00	1,999,768.59	5.125	AAA	5.175	89	12/29/2008
31359ME74	07012304	Federal Nat'l. Mortgage Assoc		01/23/2007	2,000,000.00	2,010,625.00	1,999,657.78	5.000	AAA	5.059	114	01/23/2009
3133XJQP6	07012303	Federal Home Loan Bank		01/23/2007	2,000,000.00	2,013,125.00	2,000,251.16	5.000	AAA	5.070	126	02/04/2009
3133XJQP6	07012305	Federal Home Loan Bank		01/23/2007	2,000,000.00	2,013,125.00	1,999,592.80	5.000	AAA	5.062	126	02/04/2009
3137EAA76	07052502	Fed Home Loan Mortgage Corp		05/25/2007	2,000,000.00	2,023,750.00	1,999,585.60	5.000	AAA	5.030	253	06/11/2009

Portfolio MILP
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City of Milpitas
Portfolio Management
Portfolio Details - Investments
September 30, 2008

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Federal Agency												
3133XRKX7	08063001	Federal Home Loan Bank		06/30/2008	2,000,000.00	1,997,500.00	2,000,000.00	3.000	AAA	3.000	272	06/30/2009
3133TVQ66	06072001	Federal Farm Credit Bank		07/20/2006	3,000,000.00	3,051,562.50	3,000,000.00	5.375	AAA	5.375	292	07/20/2009
3133XSDP0	08092901	Federal Home Loan Bank		09/29/2008	2,000,000.00	2,004,375.00	2,000,000.00	3.375	AAA	3.375	363	09/29/2009
3133XGYT5	06091502	Federal Home Loan Bank		09/15/2006	2,000,000.00	2,041,875.00	2,000,000.00	5.000	AAA	5.003	436	12/11/2009
3133XSZET	06082601	Federal Home Loan Bank		08/26/2008	2,000,000.00	1,994,375.00	2,000,000.00	3.050	AAA	3.050	513	02/26/2010
3133XKKS3	07042001	Federal Home Loan Bank		04/20/2007	1,000,000.00	1,011,250.00	1,000,000.00	5.050	AAA	5.050	566	04/20/2010
3133XKXD2	07051801	Federal Home Loan Bank		05/18/2007	2,000,000.00	2,049,375.00	1,998,699.63	4.875	AAA	4.919	590	05/14/2010
3133XJEL8	06122201	Federal Home Loan Bank		12/22/2006	2,000,000.00	2,010,000.00	2,000,000.00	5.000	AAA	5.000	629	06/22/2010
31331XH99	07062801	Federal Farm Credit Bank		06/28/2007	2,000,000.00	2,065,000.00	1,999,674.89	5.250	AAA	5.260	635	06/28/2010
3133X06Q7	08022101	Federal Home Loan Bank		02/21/2008	2,000,000.00	2,028,750.00	2,040,154.26	4.125	AAA	3.001	681	08/13/2010
3133XRWLO	08072801	Federal Home Loan Bank		07/28/2008	3,000,000.00	3,002,812.50	2,999,314.29	3.375	AAA	3.387	681	08/13/2010
3133XQYX4	08042401	Federal Home Loan Bank		04/24/2008	2,000,000.00	1,988,125.00	1,999,591.71	3.000	AAA	3.012	709	09/10/2010
31331YNJ5	08013102	Federal Farm Credit Bank		01/31/2008	2,000,000.00	2,003,750.00	2,021,918.99	3.500	AAA	2.998	839	01/18/2011
31331XNE8	07020101	Federal Farm Credit Bank		02/01/2007	3,000,000.00	3,107,812.50	3,000,000.00	5.050	AAA	5.050	853	02/01/2011
3133XEMR7	08013101	Federal Home Loan Bank		01/31/2008	2,000,000.00	2,060,625.00	2,082,245.04	4.850	AAA	3.000	856	02/04/2011
31331YQ45	08051901	Federal Farm Credit Bank		05/19/2008	3,000,000.00	2,971,875.00	3,000,000.00	3.150	AAA	3.150	960	05/19/2011
31331XA36	07052501	Federal Farm Credit Bank		05/25/2007	2,000,000.00	2,076,250.00	2,000,477.00	5.050	AAA	5.040	966	05/25/2011
31331Y3N8	08071501	Federal Farm Credit Bank		07/15/2008	2,000,000.00	2,003,125.00	2,000,000.00	3.625	AAA	3.625	1,017	07/15/2011
31331Y6K9	07112101	Federal Farm Credit Bank		11/21/2007	2,000,000.00	2,038,750.00	2,000,000.00	4.350	AAA	4.350	1,146	11/21/2011
3133XJ6K9	06121201	Federal Home Loan Bank		12/12/2006	2,000,000.00	2,007,500.00	2,000,000.00	5.000	AAA	5.000	1,167	12/12/2011
3133XJ6K9	07011201	Federal Home Loan Bank		01/12/2007	2,000,000.00	2,040,625.00	2,000,000.00	5.100	AAA	5.100	1,198	01/12/2012
31331X6N9	07020501	Federal Farm Credit Bank		02/05/2007	2,000,000.00	2,078,125.00	1,994,191.58	5.040	AAA	5.140	1,210	01/24/2012
3133XJWV6	07021301	Federal Home Loan Bank		02/13/2007	3,000,000.00	3,024,375.00	3,000,000.00	5.300	AAA	5.300	1,230	02/13/2012
31331YC24	08040901	Federal Farm Credit Bank		04/09/2008	2,000,000.00	1,960,625.00	2,000,000.00	3.250	AAA	3.250	1,286	04/09/2012
3133XKF83	07041901	Federal Home Loan Bank		04/19/2007	3,000,000.00	3,070,312.50	3,000,000.00	5.020	AAA	5.020	1,296	04/19/2012
31331YU40	08060401	Federal Farm Credit Bank		06/04/2008	2,000,000.00	2,000,000.00	1,999,540.63	3.875	AAA	3.882	1,342	06/04/2012
3133XLAS2	07061501	Federal Home Loan Bank		06/15/2007	2,000,000.00	2,068,125.00	2,000,000.00	5.420	AAA	5.420	1,353	06/15/2012
3136F9LC5	08042901	Federal Natl. Mortgage Assoc		04/29/2008	3,000,000.00	2,982,187.50	3,000,000.00	4.000	AAA	4.000	1,671	04/29/2013
Subtotal and Average					72,000,000.00	72,809,687.50	72,134,663.95			4.366	796	
Treasury Coupon Securities												
912828GT1	07053101A	United States Treasury Note		05/31/2007	1,543,200.00	1,574,546.25	1,543,343.05	4.875	AAA	4.860	242	05/31/2009
912828GT1	07053101B	United States Treasury Note		05/31/2007	1,456,800.00	1,486,391.25	1,456,935.04	4.875	AAA	4.860	242	05/31/2009
912828GU8	07061101	United States Treasury Note		06/11/2007	3,000,000.00	3,224,062.50	2,969,090.43	4.750	AAA	5.071	1,338	05/31/2012
912828GW4	07070201	United States Treasury Note		07/02/2007	2,000,000.00	2,158,750.00	1,991,567.12	4.875	AAA	5.004	1,368	06/30/2012
Subtotal and Average					8,000,000.00	8,443,750.00	7,960,935.64			4.975	932	

**City of Milpitas
Portfolio Management
Portfolio Details - Investments
September 30, 2008**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
GNMA												
36216NNL3	88021601A	GNMA		07/01/1997	4,760.57	5,255.76	4,760.57	9.500	AAA	9.615	2,936	10/15/2016
36217ENG3	87052601C	GNMA		07/01/1997	9,744.90	10,675.15	9,744.90	8.500	AAA	8.588	2,997	12/15/2016
36217KGX0	87052601D	GNMA		07/01/1997	1,824.59	2,006.87	1,824.59	8.500	AAA	8.588	3,059	02/15/2017
362174T46	87042001C	GNMA		07/01/1997	12,966.35	14,146.42	12,966.35	8.000	AAA	8.075	3,087	03/15/2017
36217FKE8	87042001A	GNMA		07/01/1997	30,266.59	33,021.15	30,266.59	8.000	AAA	8.076	3,118	04/15/2017
36217PUL9	87042001B	GNMA		07/01/1997	3,090.59	3,371.86	3,090.59	8.000	AAA	8.076	3,118	04/15/2017
	Subtotal and Average		62,910.86		62,653.59	68,477.21	62,653.59			8.287	3,077	
	Total Investments and Average		204,115,632.74		189,463,079.93	190,558,097.84	189,600,245.97			3.542	399	

City of Milpitas
Portfolio Management
Portfolio Details - Cash
September 30, 2008

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity
Cash Accounts											
SYS1000	1000	Cash in Bank				809,801.00	809,801.00	1.790		1.790	1
SYS1030	1030	Cash with Fiscal Agent				2,980,066.29	2,980,066.29	1.510		1.510	1
Total Cash and Investments			204,115,632.74		193,252,947.22	194,347,965.13	193,390,113.26			3.542	399

**City of Milpitas
Portfolio Management
Activity By Type
September 1, 2008 through September 30, 2008**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
LAIF (Monthly Summary)							
SYS97090401	97090401	Local Agency Invest. Fd - MPFA	2.520		9,500,000.00	5,000,000.00	
SYS0711602	0711602	Local Agency Invest. Fd - RDA	2.520		0.00	5,955,000.00	
		Subtotal			9,500,000.00	10,955,000.00	88,983,671.83
Money Market Funds (Monthly Summary)							
SYS1000	1000	Cash in Bank	1.790		809,801.00	661,745.00	
SYS06121301	06121301	Dreyfus Treasury Fund	1.340		186.70	178,766.73	
SYS98122102	98122102	Dreyfus Treasury Fund	1.340		2,641.78	0.00	
SYS1030	1030	Cash with Fiscal Agent	1.510		2,980,066.29	11,355,034.11	
		Subtotal			3,792,695.77	12,195,545.84	2,416,754.51
Corporate Notes							
		Subtotal					18,041,566.45
Federal Agency							
3133XHJG8	07022001	Federal Home Loan Bank	5.000	09/12/2008	0.00	2,000,000.00	
3133XSDP0	08092901	Federal Home Loan Bank	3.375	09/29/2008	2,000,000.00	0.00	
31359MX40	06091501	Federal Nat'l. Mortgage Assoc	5.000	09/15/2008	0.00	2,000,000.00	
31359M5T6	07022701	Federal Nat'l. Mortgage Assoc	5.125	09/02/2008	0.00	2,000,000.00	
		Subtotal			2,000,000.00	6,000,000.00	72,134,663.95
Treasury Coupon Securities							
		Subtotal					7,960,935.64
GNMA							
36217FKE8	87042001A	GNMA	8.000	09/15/2008	0.00	203.55	
36217PUL9	87042001B	GNMA	8.000	09/15/2008	0.00	135.69	
362174T46	87042001C	GNMA	8.000	09/15/2008	0.00	88.92	
36217FENG3	87052601C	GNMA	8.500	09/15/2008	0.00	72.31	
36217KGX0	87052601D	GNMA	8.500	09/15/2008	0.00	16.75	
36216NNL3	88021601A	GNMA	9.500	09/15/2008	0.00	34.07	
		Subtotal			0.00	551.29	62,653.59
		Total			15,292,695.77	29,151,097.13	189,600,245.97

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