




INVESTMENT REPORT

For the Period Ended
December 31, 2014

Prepared by
Valley View Consulting, L.L.C.

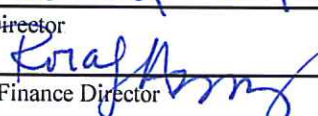
The investment portfolio of the City of San Benito is in compliance with the Public Funds Investment Act and the City of San Benito Investment Policy.



City Manager



Finance Director



Assistant Finance Director

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Strategy Summary:

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). The FOMC ended Quantitative Easing (QE3) in October. Third quarter 2014 GDP was a very strong 5.0. New payroll and unemployment data also very positive. The FOMC remains concerned by lack of wage growth and overall participation. The US stock markets again touched new highs, but have recently retrenched. Shorter interest rates are rising, while International economical and political struggles weigh on longer term US interest rates. Financial institution deposit yields generally provide the best interest earnings opportunity - converting Local Government Pool balances quickly increases interest income.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>December 31, 2014</u>		<u>September 30, 2014</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Bank Accounts/MMA	0.23%	\$ 14,169,490	\$ 14,169,490	\$ 13,979,320	\$ 13,979,320
Local Government Pools	0.04%	9,271,787	9,271,787	8,673,868	8,673,868
CDs/Securities	0.23%	1,007,786	1,007,786	1,007,203	1,007,203
Totals		\$ 24,449,063	\$ 24,449,063	\$ 23,660,391	\$ 23,660,391

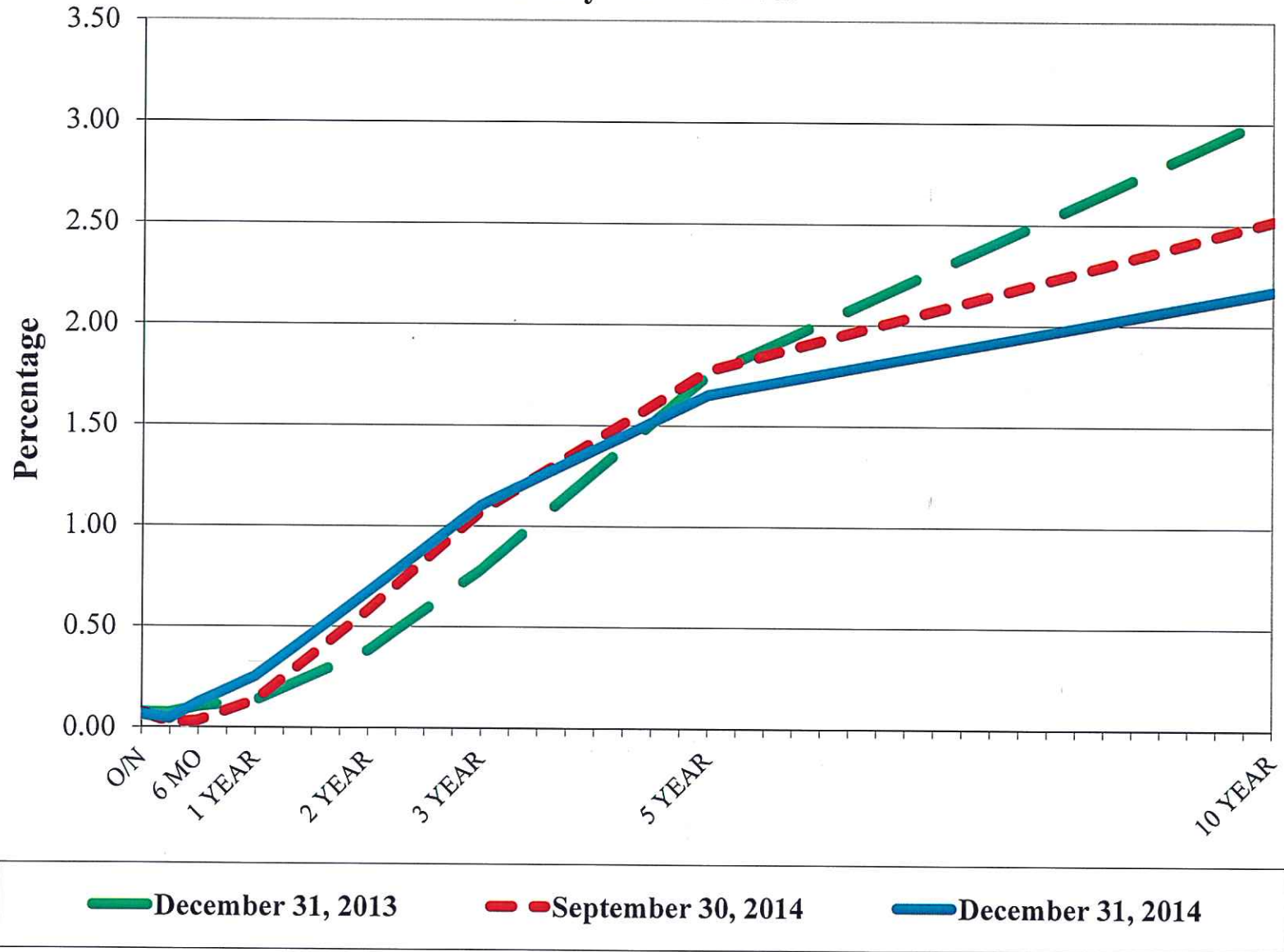
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.16%	Total Portfolio	0.16%
Rolling Three Mo. Treas. Yield	0.02%	Rolling Three Mo. Treas. Yield	0.02%
Rolling Six Mo. Treas. Yield	0.07%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.04%

Quarterly Interest Income	\$	9,008
YTD Interest Income	\$	9,008

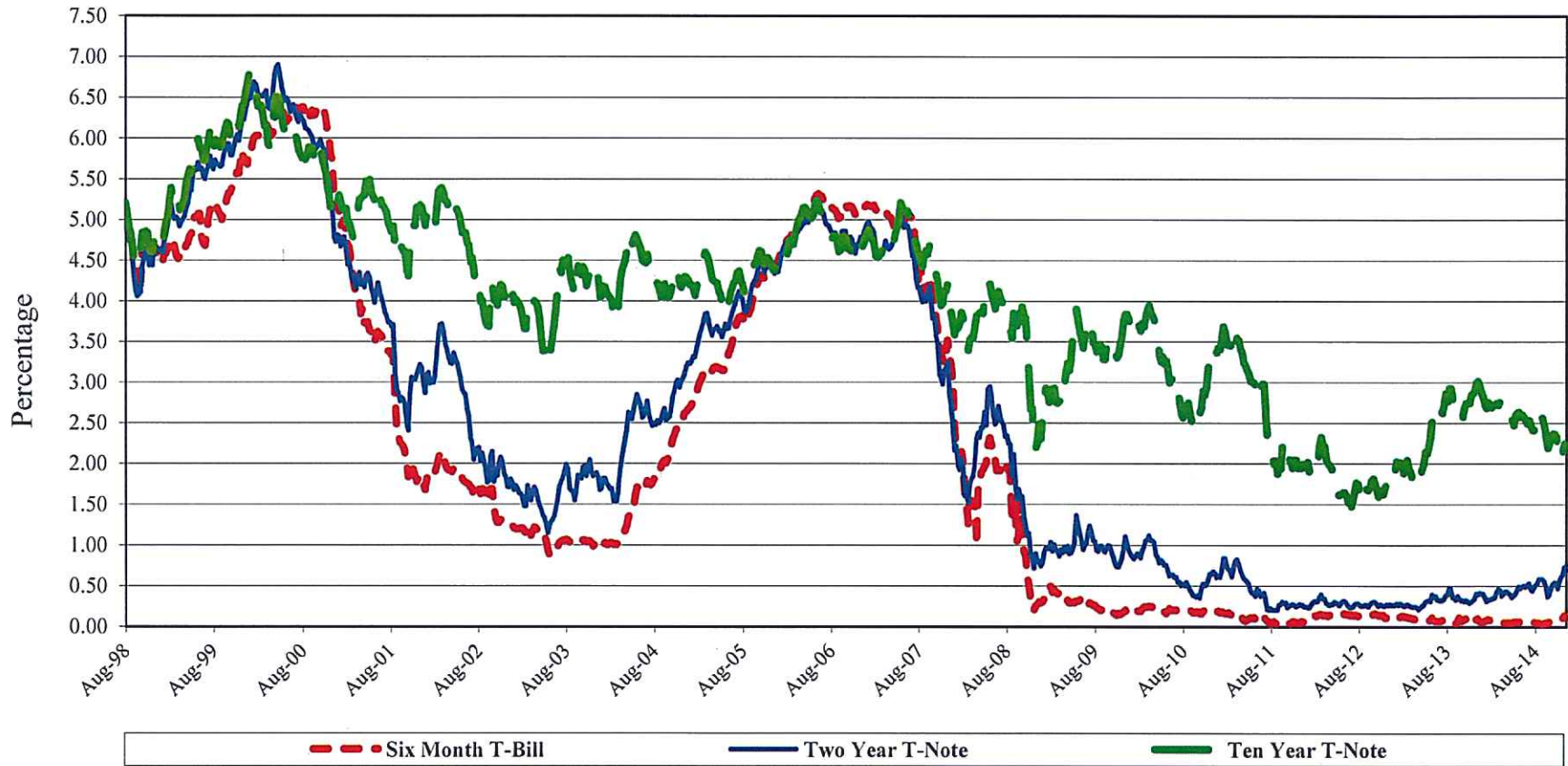
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

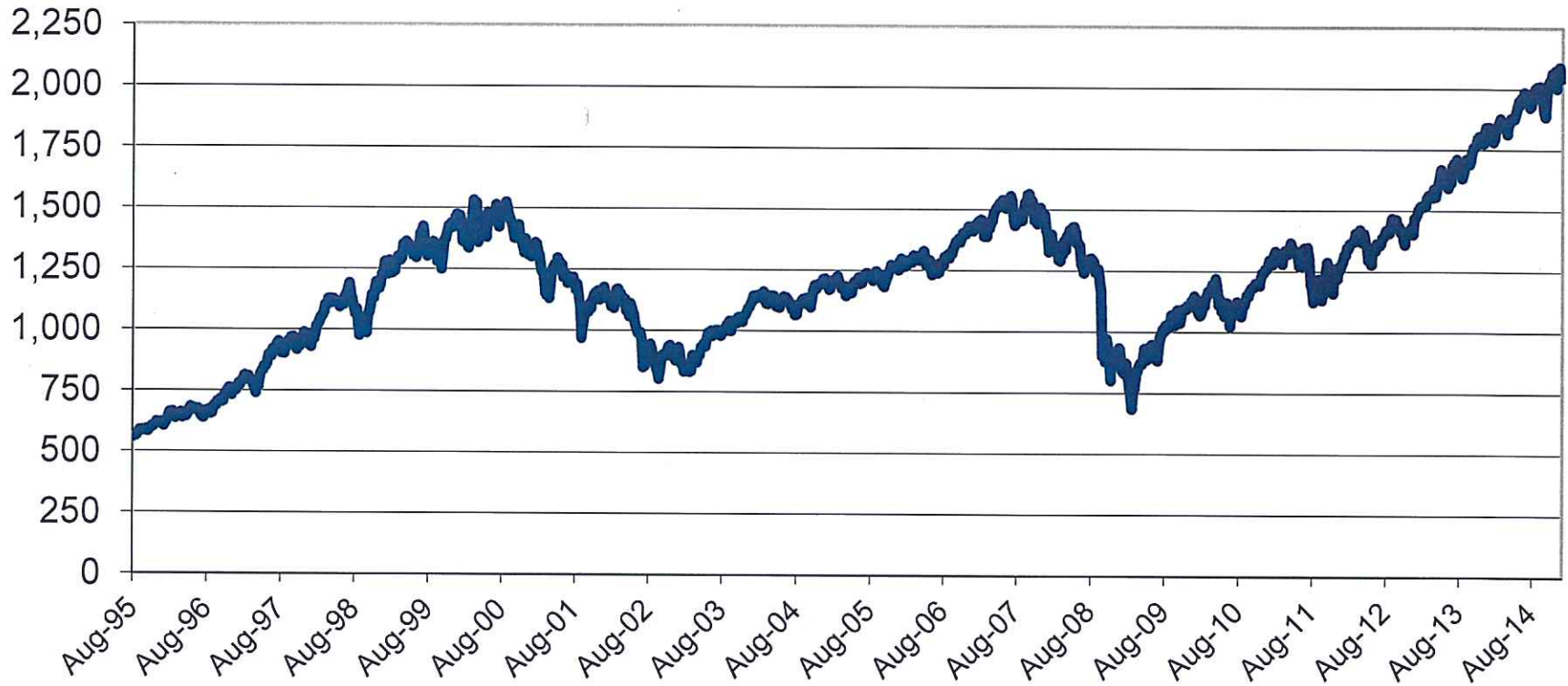
Treasury Yield Curves



US Treasury Historical Yields



S&P 500



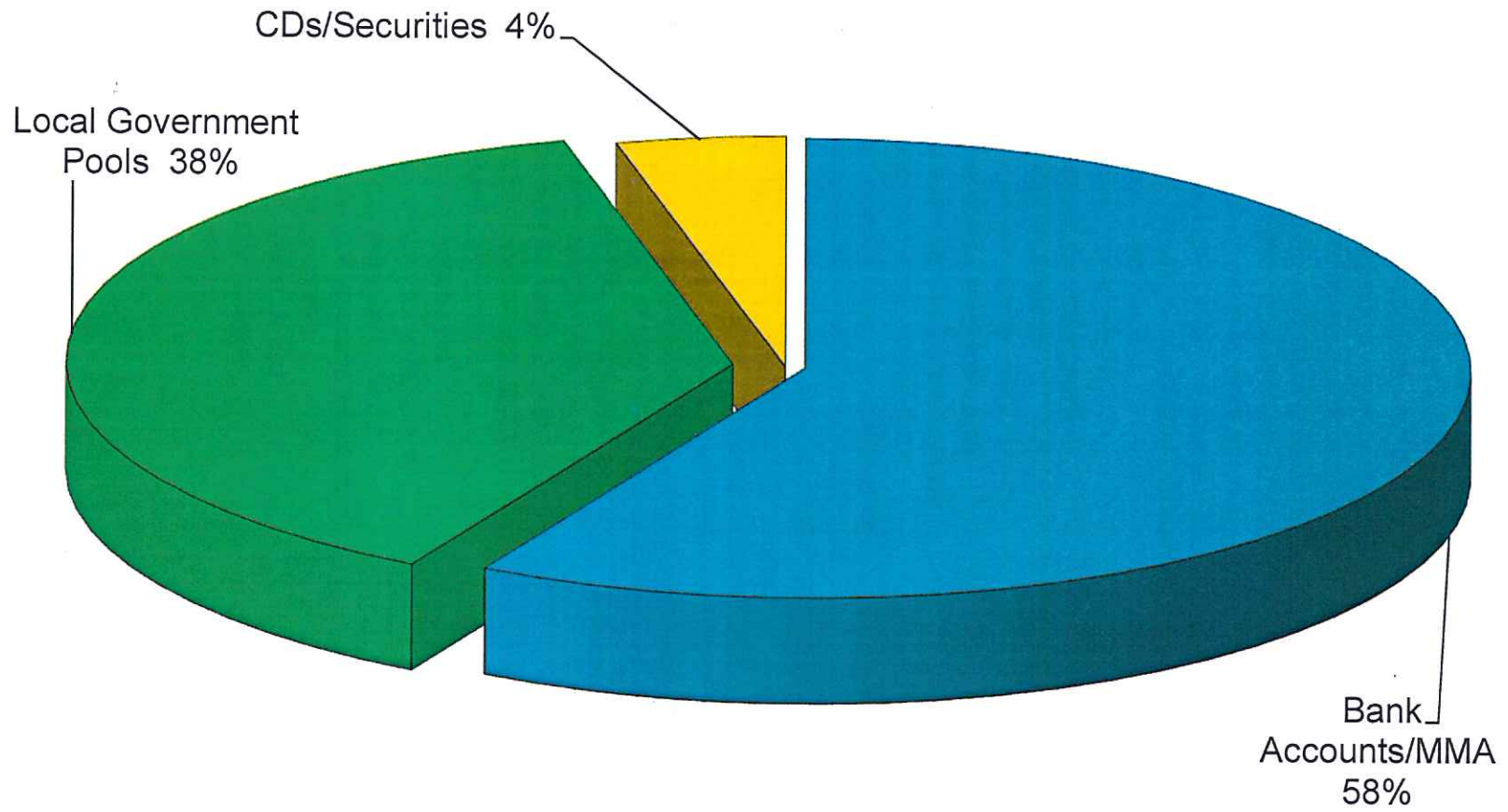
Detail of Investment Holdings December 31, 2014

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB		0.25%	01/01/2015	12/31/2014	\$ 9,893,114	\$ 9,893,114	1.00	\$ 9,893,114	1	0.25%
Southside Bank MMA		0.19%	01/01/2015	12/31/2014	4,276,375	4,276,375	1.00	4,276,375	1	0.19%
TexPool	AAAm	0.04%	01/01/2015	12/31/2014	9,271,787	9,271,787	1.00	9,271,787	1	0.04%
Southside Bank CD		0.23%	5/2/2015	5/2/2014	1,007,786	1,007,786	1.00	1,007,786	122	0.23%
					\$ 24,449,063	\$ 24,449,063		\$ 24,449,063	6	0.16%
									(1)	(2)

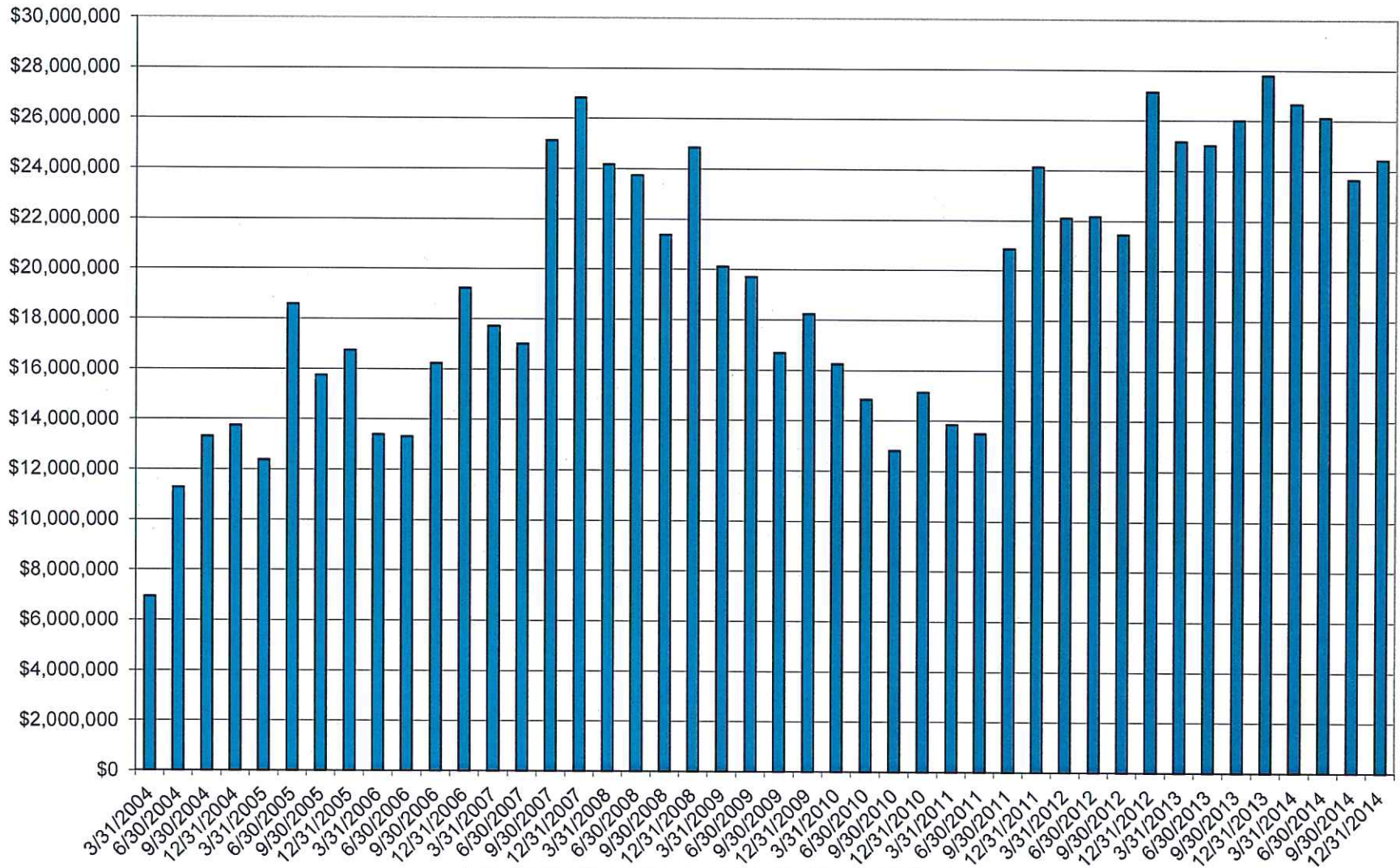
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

Portfolio Composition



Total Portfolio



■ Quarter End Book Value

Book Value Comparison

Description	Coupon/ Discount	Maturity Date	Settlement Date	September 30, 2014			December 31, 2014		
				Original Face\		Purchases at Cost	Sales/ Maturities	Original Face\	
				Par Value	Book Value			Par Value	Book Value
FCB	0.25%	01/01/2015	12/31/2014	\$ 9,704,903	\$ 9,704,903	\$ 188,212	\$	\$ 9,893,114	\$ 9,893,114
Southside Bank MMA	0.19%	01/01/2015	12/31/2014	4,274,417	4,274,417	1,958		4,276,375	4,276,375
TexPool	0.04%	01/01/2015	12/31/2014	8,673,868	8,673,868	597,918		9,271,787	9,271,787
Southside Bank CD	0.23%	05/02/2015	5/2/2014	1,007,203	1,007,203	584		1,007,786	1,007,786
TOTAL				\$ 23,660,391	\$ 23,660,391	\$ 788,672	\$	\$ 24,449,063	\$ 24,449,063

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2014				December 31, 2014			
			Original Face\		Market Price	Qtr-to-Qtr Change	Original Face\		Market Price	Market Value
			Par Value	Market Value			Par Value	Market Value		
FCB	0.25%	01/01/2015	\$ 9,704,903	1.00	\$ 9,704,903	\$ 188,212	\$ 9,893,114	1.00	\$ 9,893,114	
Southside Bank MMA	0.19%	01/01/2015	4,274,417	1.00	4,274,417	1,958	4,276,375	1.00	4,276,375	
TexPool	0.04%	01/01/2015	8,673,868	1.00	8,673,868	597,918	9,271,787	1.00	9,271,787	
Southside Bank CD	0.23%	05/02/2015	1,007,203	100	1,007,203	584	1,007,786	100	1,007,786	
TOTAL			\$ 23,660,391		\$ 23,660,391	\$ 788,672	\$ 24,449,063		\$ 24,449,063	

Fund Allocation
Book & Market Value
December 31, 2014

	Fund Total	FCB Account	Texpool	Southside Bank MMA	Southside Bank CD 0.23 5/2/15
Consolidated/General	\$ 5,308,351	\$ 1,878,284	\$ 2,422,280	\$ -	\$ 1,007,786
Reserve Street Imp	-	-	-	-	-
Escrow	280,931	-	280,931	-	-
Utilites Cons./W & S	6,417,053	5,305,873	1,111,180	-	-
Payroll	256,136	256,136	-	-	-
W&S O & M Reserve	458,310	-	55,780	402,531	-
W&S R & R Reserve	430,155	-	27,624	402,531	-
W & S Debt Service Reserve	1,266,940	-	59,347	1,207,592	-
W & S Reserve Capital Imp	201,123	-	201,123	-	-
NADB Loan 2004	5	5	-	-	-
CO 2007 EDC Projects	1,686,682	-	1,686,682	-	-
CO Series 2011	3,352,871	-	1,340,217	2,012,654	-
CO Series 2012	1,973,902	-	1,973,902	-	-
Cons. Cash Grant CO	1,133	1,133	-	-	-
Police	578	578	-	-	-
Forfeiture Seizure Federal	78,202	78,202	-	-	-
Special Investigations Ckg	74,993	74,993	-	-	-
Special investigation Svgs	13,015	13,015	-	-	-
Veterans Memorial	25,882	25,882	-	-	-
Resaca Trails	420	420	-	-	-
Hotel/Motel Tax	245,187	245,187	-	-	-
Community Dev. Block Grant	40,982	40,982	-	-	-
DSRIP UTHSCSA	29,794	29,794	-	-	-
Fire Relief & Retirement Plan	97,576	97,576	-	-	-
Border Security	15,514	15,514	-	-	-
Emergency Management Funds	143,089	143,089	-	-	-
Revolving Loan	42,320	42,320	-	-	-
Local Match	74	74	-	-	-
TIRZ	250,611	250,611	-	-	-
Sub-totals	22,691,828	8,499,666	9,159,067	4,025,308	1,007,786
EDC	1,756,163	1,392,376	112,720	251,067	-
EDC-SB Cultural Heritage Program	1,072	1,072	-	-	-
Totals	\$ 24,449,063	\$ 9,893,114	\$ 9,271,787	\$ 4,276,375	\$ 1,007,786

Fund Allocation

Book & Market Value

September 30, 2014

	Fund Total	FCB Account	Texpool	Southside Bank MMA	Southside Bank CD 0.23 5/2/15
Consolidated/General	\$ 4,000,339	\$ 1,961,035	\$ 1,032,101	\$ -	\$ 1,007,203
Escrow	280,908	-	280,908	-	-
Utilites Cons./W & S	5,941,413	4,830,336	1,111,078	-	-
Payroll	121,477	121,477	-	-	-
W&S O & M Reserve	458,121	-	55,775	402,346	-
W&S R & R Reserve	429,968	-	27,622	402,346	-
W & S Debt Service Reserve	1,266,382	-	59,343	1,207,039	-
W & S Reserve Capital Imp	201,107	-	201,107	-	-
NADB Loan 2004	5	5	-	-	-
CO 2007 EDC Projects	1,686,544	-	1,686,544	-	-
CO Series 2011	3,865,757	-	1,854,025	2,011,732	-
CO Series 2012	2,252,656	-	2,252,656	-	-
Cons. Cash Grant CO	1,132	1,132	-	-	-
Police	597	597	-	-	-
Forfeiture Seizure Federal	244,851	244,851	-	-	-
Special Investigations Ckg	75,727	75,727	-	-	-
Special investigation Svgs	13,015	13,015	-	-	-
Veterans Memorial	22,895	22,895	-	-	-
Resaca Trails	420	420	-	-	-
Hotel/Motel Tax	231,516	231,516	-	-	-
Community Dev. Block Grant	64,724	64,724	-	-	-
DSRIP UTHSCSA	19,908	19,908	-	-	-
Fire Relief & Retirement Plan	380,426	380,426	-	-	-
Border Security	15,504	15,504	-	-	-
Emergency Management Funds	143,089	143,089	-	-	-
Revolving Loan	42,251	42,251	-	-	-
Local Match	74	74	-	-	-
TIRZ	250,453	250,453	-	-	-
Sub-totals	22,011,262	8,419,437	8,561,158	4,023,465	1,007,203
EDC	1,648,057	1,284,394	112,711	250,952	-
EDC-SB Cultural Heritage Program	1,072	1,072	-	-	-
Totals	\$ 23,660,391	\$ 9,704,903	\$ 8,673,868	\$ 4,274,417	\$ 1,007,203

