



INVESTMENT REPORT

**For the Period Ended
September 30, 2015**

**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.

B. Rodriguez *nov 3, 2015*

City Manager
V. Mani *11-3-2015*

Finance Director
V. Mani

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.

Annual Comparison of Portfolio Performance

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). Although the domestic employment and economic conditions reflect moderate growth, longer term uncertainty and international conditions influenced the FOMC to delay "lift-off." The US stock markets retrenched from their peaks, but seem to have stabilized. International military conflicts require ongoing concern. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

FYE Results by Investment Category:

Asset Type	September 30, 2015			September 30, 2014		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Bank Accounts/MMA	0.25%	\$ 14,325,890	\$ 14,325,890	0.23%	\$ 13,979,320	\$ 13,979,320
Local Government Pools	0.09%	4,941,601	4,941,601	0.03%	8,673,868	8,673,868
CDs/Securities	0.29%	1,009,674	1,009,674	0.23%	1,007,203	1,007,203
Totals		\$ 20,277,165	\$ 20,277,165		\$ 23,660,391	\$ 23,660,391

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Total Portfolio (1)	0.19%	0.16%	0.03%
Rolling Three Mo. Treas. Yield	0.03%	0.04%	-0.02%
Rolling Six Mo. Treas. Yield	0.10%	0.07%	0.03%
Quarterly TexPool Yield	0.06%	0.03%	0.03%

(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.

Summary:

Quarter End Results by Investment Category:

Asset Type	Ave. Yield	September 30, 2015		June 30, 2015	
		Book Value	Market Value	Book Value	Market Value
Bank Accounts/MMA	0.25%	\$ 14,325,890	\$ 14,325,890	\$ 14,017,713	\$ 14,017,713
Local Government Pools	0.09%	4,941,601	4,941,601	6,103,363	6,103,363
CDs/Securities	0.29%	1,009,674	1,009,674	1,008,936	1,008,936
Totals		\$ 20,277,165	\$ 20,277,165	\$ 21,130,012	\$ 21,130,012

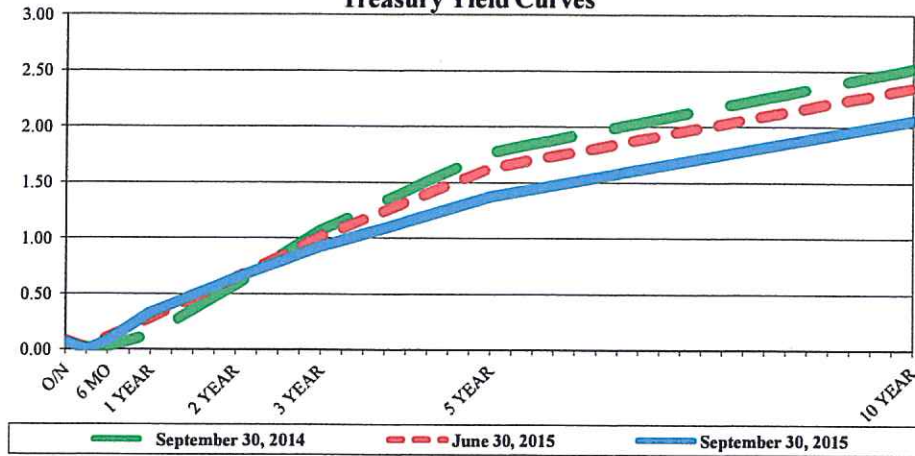
Average Yield for Quarter(1):		Fiscal Year-to-Date Average Yield (2):	
Total Portfolio	0.21%	Total Portfolio	0.19%
Rolling Three Mo. Treas. Yield	0.04%	Rolling Three Mo. Treas. Yield	0.03%
Rolling Six Mo. Treas. Yield	0.13%	Rolling Six Mo. Treas. Yield	0.09%
		Quarterly TexPool Yield	0.06%
Quarterly Interest Income	\$ 10,207		
YTD Interest Income	\$ 38,669		

(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.

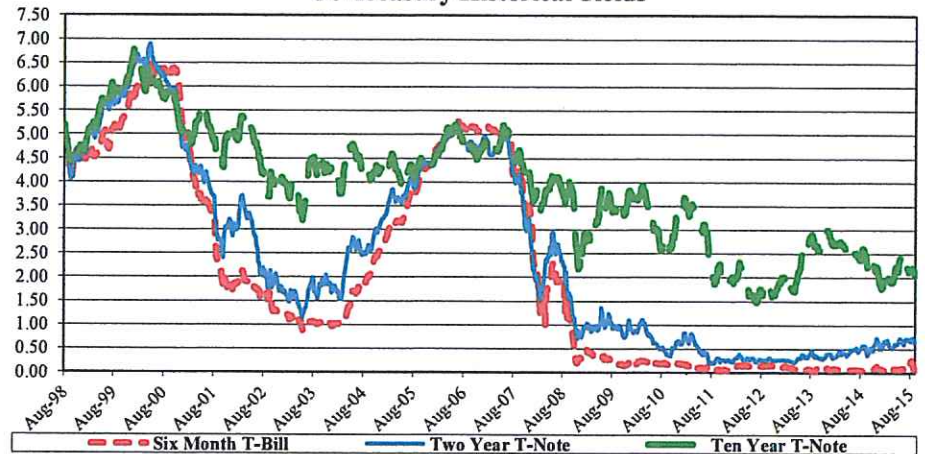
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

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 met 9/16 & 17 and chose to delay "lift-off" citing global economic concerns for the first time. The September new payroll numbers were a disappointing +142k and included downward Aug and July revisions. The overall unemployment rate remained 5.1%. US stock markets experienced volatility, but did stem the decline and advanced slightly. Chinese stock market and economic concerns continue. Continuing to ladder provides strategic advantage. Municipal bonds and financial institution deposits generally provide the best interest earnings opportunity, if available. Short to medium term US Government security yields fell on the non-FOMC action and, then again, on the September payroll weakness.

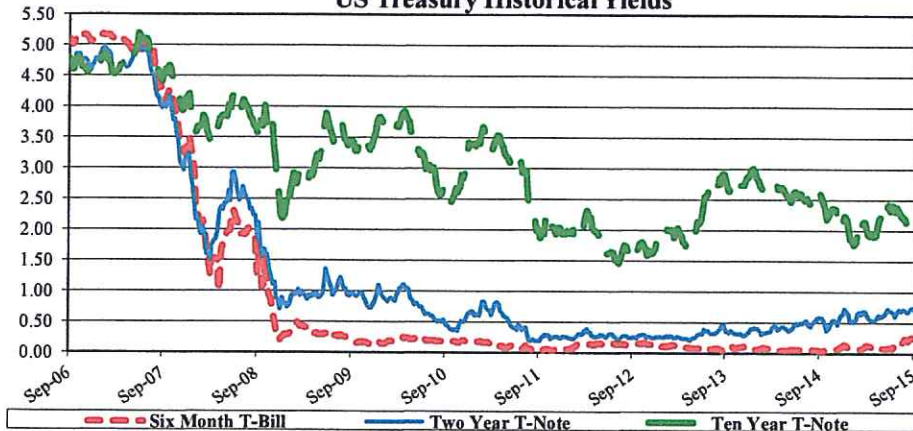
Treasury Yield Curves



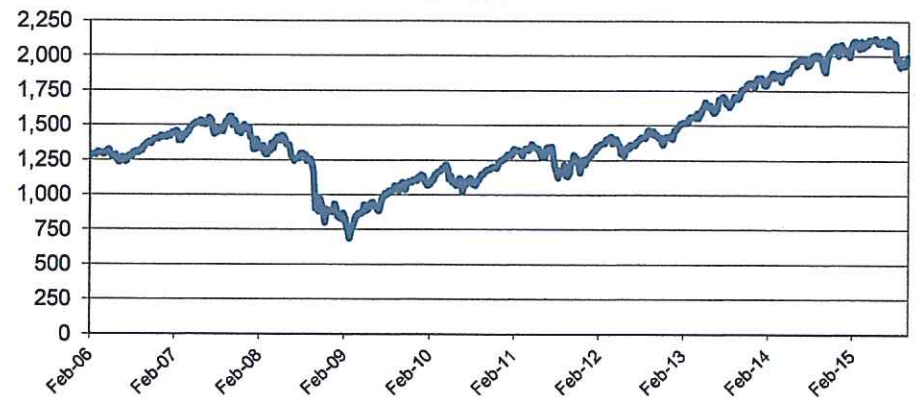
US Treasury Historical Yields



US Treasury Historical Yields



S&P 500



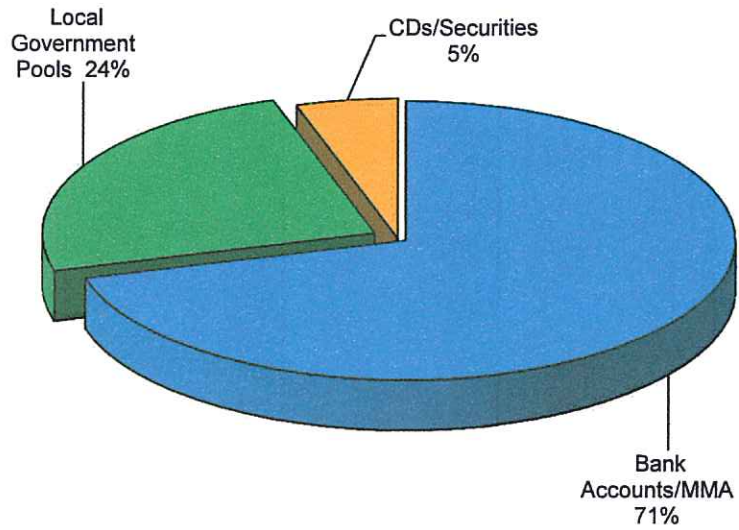
Detail of Investment Holdings
September 30, 2015

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB Account		0.25%	10/01/2015	09/30/2015	\$ 9,930,096	\$ 9,930,096	1.00	\$ 9,930,096	1	0.25%
Southside Bank MMA		0.24%	10/01/2015	09/30/2015	4,395,794	4,395,794	1.00	4,395,794	1	0.24%
TexPool	AAAm	0.09%	10/01/2015	09/30/2015	4,941,601	4,941,601	1.00	4,941,601	1	0.09%
Southside Bank CD		0.29%	05/02/2016	05/02/2015	1,009,674	1,009,674	1.00	1,009,674	215	0.29%
					\$ 20,277,165	\$ 20,277,165		\$ 20,277,165	12	0.21%
									(1)	(2)

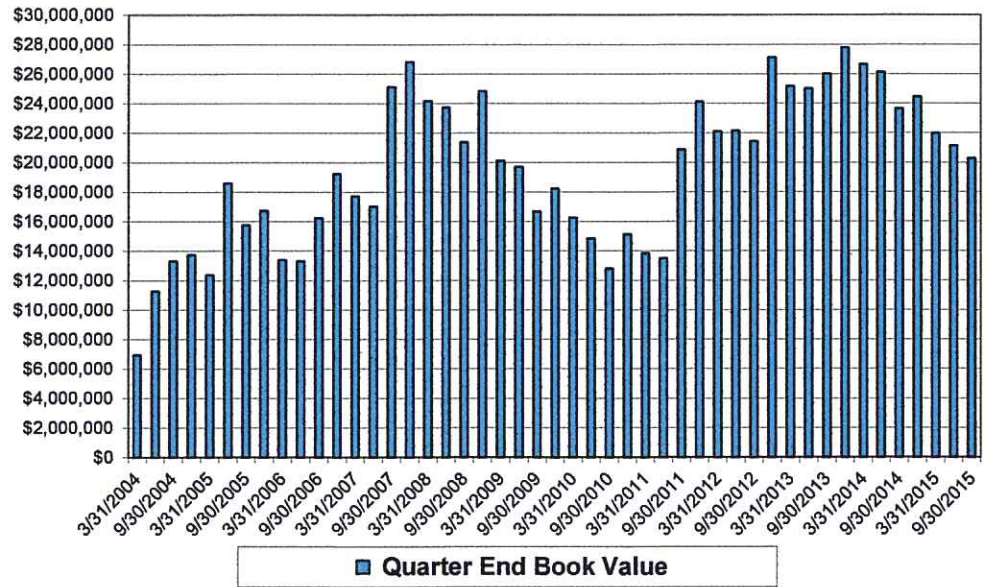
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	Settlement Date	June 30, 2015			September 30, 2015		
				Original Face\		Purchases at Cost	Sales/ Maturities	Original Face\	
				Par Value	Book Value			Par Value	Book Value
FCB Account	0.25%	10/01/2015	9/30/2015	\$ 9,737,079	\$ 9,737,079	\$ 193,017	\$ -	\$ 9,930,096	\$ 9,930,096
Southside Bank MMA	0.24%	10/01/2015	9/30/2015	4,280,634	4,280,634	115,160		4,395,794	4,395,794
TexPool	0.09%	10/01/2015	9/30/2015	6,103,363	6,103,363		(1,161,762)	4,941,601	4,941,601
Southside Bank CD	0.29%	05/02/2016	05/02/2015	1,008,936	1,008,936	738		1,009,674	1,009,674
TOTAL				\$ 21,130,012	\$ 21,130,012	\$ 308,914	\$ (1,161,762)	\$ 20,277,165	\$ 20,277,165

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2015				September 30, 2015			
			Original Face\ Par Value	Market Price	Market Value	Qtr-to-Qtr Change	Original Face\ Par Value	Market Price	Market Value	
FCB Account	0.25%	10/01/2015	\$ 9,737,079	1.00	\$ 9,737,079	\$ 193,017	\$ 9,930,096	1.00	\$ 9,930,096	
Southside Bank MMA	0.24%	10/01/2015	4,280,634	1.00	4,280,634	115,160	4,395,794	1.00	4,395,794	
TexPool	0.09%	10/01/2015	6,103,363	1.00	6,103,363	(1,161,762)	4,941,601	1.00	4,941,601	
Southside Bank CD	0.29%	05/02/2016	1,008,936		1,008,936	738	1,009,674	100	1,009,674	
TOTAL			\$ 21,130,012		\$ 21,130,012	\$ (852,848)	\$ 20,277,165		\$ 20,277,165	

**Fund Allocation
Book & Market Value
September 30, 2015**

	Fund Total	FCB Account	TexPool	Southside Bank MMA	Southside Bank CD (0.29%) 5/2/16
Consolidated/General	\$ 4,551,622	\$ 2,307,723	\$ 1,234,225	\$ -	\$ 1,009,674
Reserve Street Imp	-	-	-	-	-
Escrow	281,054	-	281,054	-	-
Utilites Cons./W & S	5,199,415	5,030,532	168,882	-	-
Payroll	96,082	96,082	-	-	-
W&S O & M Reserve	458,960	-	55,804	403,156	-
W&S R & R Reserve	430,792	-	27,636	403,156	-
W & S Debt Service Reserve	1,268,842	-	59,373	1,209,469	-
W & S Reserve Capital Imp	201,211	-	201,211	-	-
NADB Loan 2004	-	-	-	-	-
CO 2007 EDC Projects	1,687,417	-	1,687,417	-	-
CO Series 2011	2,015,782	-	-	2,015,782	-
CO Series 2012	1,226,000	-	1,226,000	-	-
Cons. Cash Grant CO	1,135	1,135	-	-	-
Police	643	643	-	-	-
Forfeiture Seizure Federal	110,897	110,897	-	-	-
Special Investigations Ckg	93,249	93,249	-	-	-
Special investigation Svgs	13,015	13,015	-	-	-
Veterans Memorial	28,614	28,614	-	-	-
Resaca Trails	421	421	-	-	-
Hotel/Motel Tax	282,482	282,482	-	-	-
Community Dev. Block Grant	1,033	1,033	-	-	-
DSRIP UTHSCSA	19,981	19,981	-	-	-
Fire Relief & Retirement Plan	148,788	148,788	-	-	-
Border Security	15,543	15,543	-	-	-
Emergency Management Funds	164,687	164,687	-	-	-
Revolving Loan	82,338	82,338	-	-	-
Local Match	49,135	49,135	-	-	-
TIRZ	424,674	424,674	-	-	-
Sub-totals	18,853,808	8,870,971	4,941,601	4,031,563	1,009,674
EDC	1,422,282	1,058,051	-	364,231	-
EDC-SB Cultural Heritage Program	1,074	1,074	-	-	-
Sub-totals	1,423,356	1,059,125	-	364,231	-
Totals	\$ 20,277,165	\$ 9,930,096	\$ 4,941,601	\$ 4,395,794	\$ 1,009,674

**Fund Allocation
Book & Market Value
June 30, 2015**

	Fund Total	FCB Account	TexPool	Southside Bank MMA	Southside Bank CD (0.29%) 5/2/16
Consolidated/General	\$ 5,429,630	\$ 2,582,939	\$ 1,837,754	\$ -	\$ 1,008,936
Reserve Street Imp	-	-	-	-	-
Escrow	281,002	-	281,002	-	-
Utilites Cons./W & S	5,344,312	4,817,988	526,324	-	-
Payroll	100,696	100,696	-	-	-
W&S O & M Reserve	458,725	-	55,794	402,932	-
W&S R & R Reserve	430,562	-	27,631	402,932	-
W & S Debt Service Reserve	1,268,157	-	59,362	1,208,795	-
W & S Reserve Capital Imp	201,174	-	201,174	-	-
NADB Loan 2004	5	5	-	-	-
CO 2007 EDC Projects	1,687,106	-	1,687,106	-	-
CO Series 2011	2,014,658	-	-	2,014,658	-
CO Series 2012	1,314,468	-	1,314,468	-	-
Cons. Cash Grant CO	1,134	1,134	-	-	-
Police	712	712	-	-	-
Forfeiture Seizure Federal	44,661	44,661	-	-	-
Special Investigations Ckg	93,190	93,190	-	-	-
Special investigation Svgs	13,015	13,015	-	-	-
Veterans Memorial	31,903	31,903	-	-	-
Resaca Trails	421	421	-	-	-
Hotel/Motel Tax	274,583	274,583	-	-	-
Community Dev. Block Grant	46,891	46,891	-	-	-
DSRIP UTHSCSA	19,950	19,950	-	-	-
Fire Relief & Retirement Plan	132,292	132,292	-	-	-
Border Security	15,533	15,533	-	-	-
Emergency Management Funds	150,981	150,981	-	-	-
Revolving Loan	106,046	106,046	-	-	-
Local Match	100,097	100,097	-	-	-
TIRZ	250,921	250,921	-	-	-
Sub-totals	19,812,826	8,783,958	5,990,615	4,029,317	1,008,936
EDC	1,316,113	952,047	112,748	251,317	-
EDC-SB Cultural Heritage Program	1,074	1,074	-	-	-
Sub-totals	1,317,187	953,121	112,748	251,317	-
Totals	\$ 21,130,012	\$ 9,737,079	\$ 6,103,363	\$ 4,280,634	\$ 1,008,936