

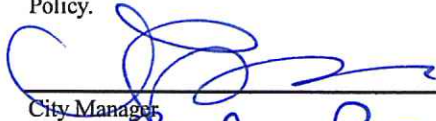


## INVESTMENT REPORT

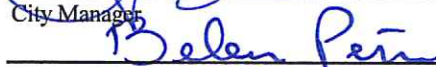
**For the Period Ended  
June 30, 2016**

**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.

## Summary

### Quarter End Results by Investment Category:

Asset Type	Ave. Yield	June 30, 2016		March 31, 2016	
		Book Value	Market Value	Book Value	Market Value
Bank Accounts/MMA	0.33%	\$ 13,716,870	\$ 13,716,870	\$ 13,988,156	\$ 13,988,156
Local Government Pools	0.36%	5,880,340	5,880,340	5,054,621	5,054,621
CDs/Securities	0.70%	1,011,865	1,011,865	1,011,889	1,011,889
<b>Totals</b>		<b>\$ 20,609,075</b>	<b>\$ 20,609,075</b>	<b>\$ 20,054,666</b>	<b>\$ 20,054,666</b>

#### Average Yield for Quarter(1):

Total Portfolio 0.36%

Rolling Three Mo. Treas. Yield 0.26%

Rolling Six Mo. Treas. Yield 0.42%

Quarterly Interest Income \$ 18,147

YTD Interest Income \$ 49,516

#### Fiscal Year-to-Date Average Yield (2):

Total Portfolio 0.31%

Rolling Three Mo. Treas. Yield 0.23%

Rolling Six Mo. Treas. Yield 0.35%

Quarterly TexPool Yield 0.29%

(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.

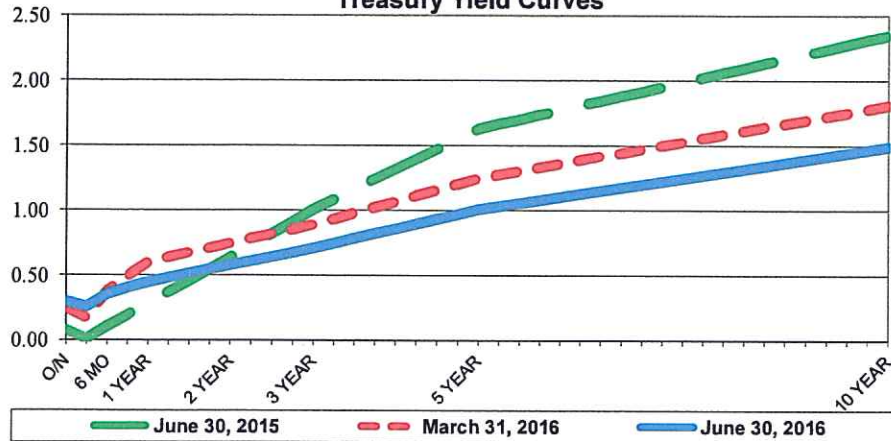
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

**Economic Overview**

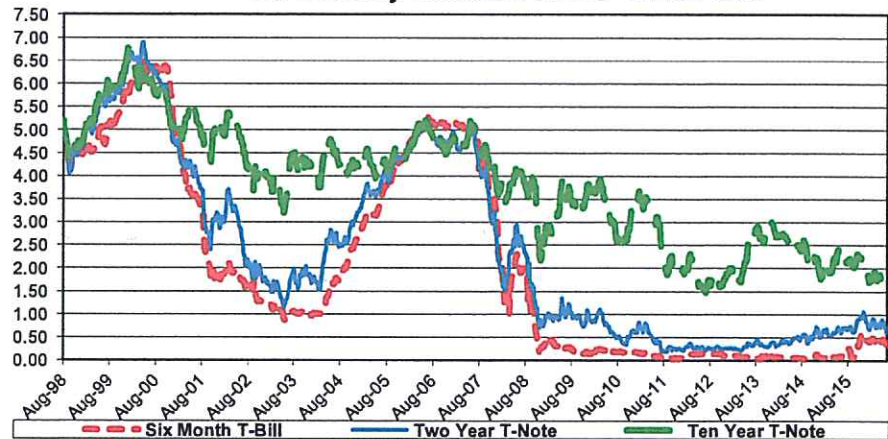
6/30/2016

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 0.25% - 0.50% (actual Fed Funds trading +/-35 to 40 bps). The June FOMC meeting expressed concerns over reduced economic expectation. First Quarter US GDP was revised up to +1.1% (final revision). The June Non-Farm Payroll surged 287k new jobs, although other unemployment data remained modest. The British "Brexit" vote to leave the European Union Global jolted the markets. The US Stock markets plunged, then recovered. Treasury yields dove on the flight to quality. Taxable municipal bonds or CDs offer the best interest earnings opportunity, if available.

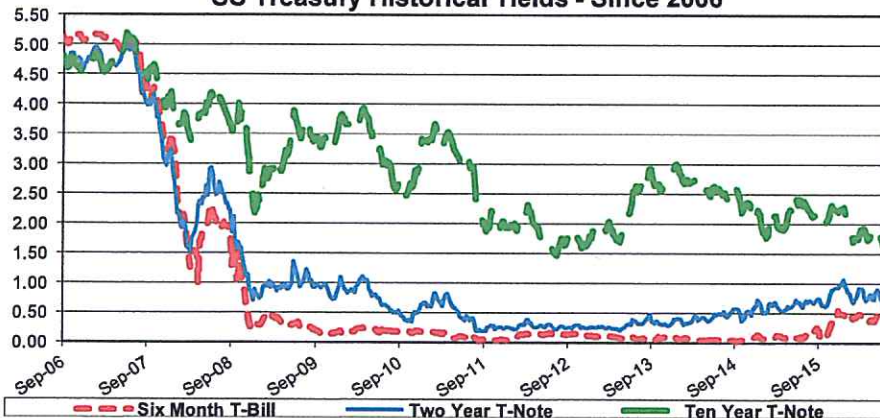
**Treasury Yield Curves**



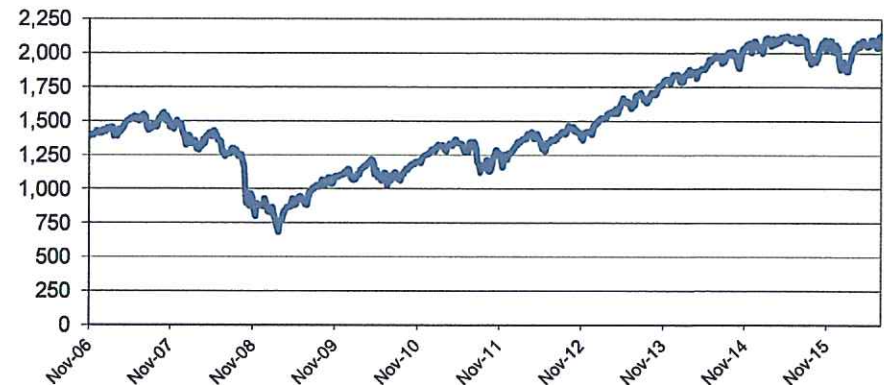
**US Treasury Historical Yields - Since 1998**



**US Treasury Historical Yields - Since 2006**



**S&P 500**



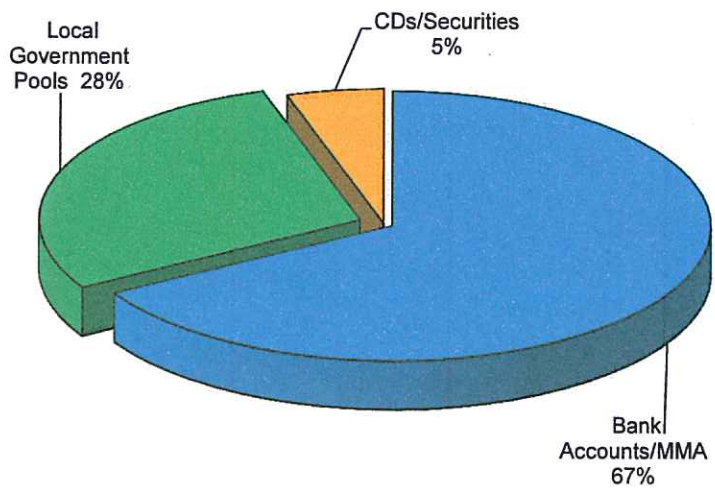
**Detail of Investment Holdings**  
**June 30, 2016**

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB Account		0.25%	07/01/2016	06/30/2016	\$ 9,306,697	\$ 9,306,697	1.00	\$ 9,306,697	1	0.25%
Southside Bank MMA		0.51%	07/01/2016	06/30/2016	4,410,173	4,410,173	1.00	4,410,173	1	0.51%
TexPool	AAAm	0.36%	07/01/2016	06/30/2016	5,880,340	5,880,340	1.00	5,880,340	1	0.36%
Southside Bank CD		0.70%	05/02/2017	05/02/2016	1,011,865	1,011,865	1.00	1,011,865	306	0.70%
					<b>\$ 20,609,075</b>	<b>\$ 20,609,075</b>		<b>\$ 20,609,075</b>	<b>16</b>	<b>0.36%</b>
									(1)	(2)

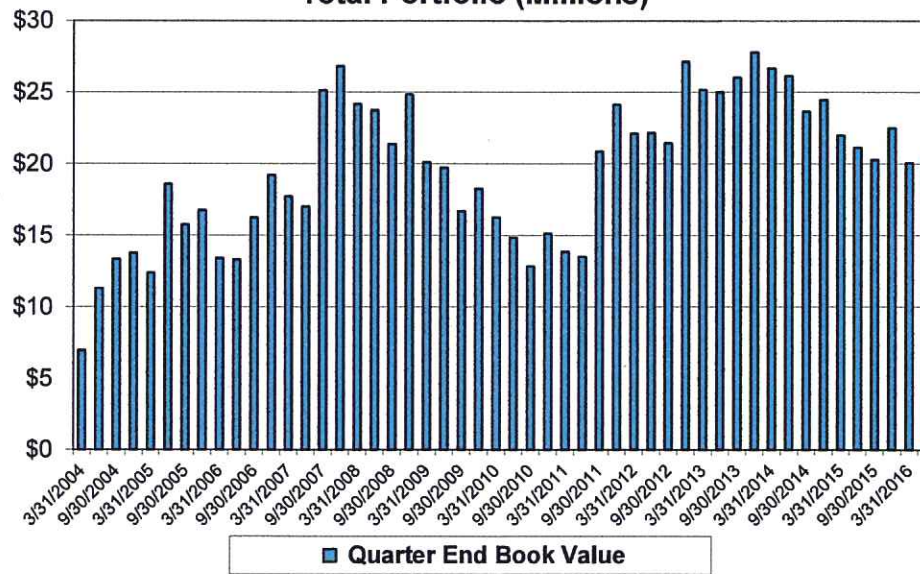
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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 (Millions)**



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	Settlement Date	March 31, 2016			June 30, 2016		
				Original Face\	Purchases	Sales/	Original Face\		
				Par Value	at Cost	Maturities	Par Value	Book Value	Book Value
FCB Account	0.25%	07/01/2016	6/30/2016	\$ 9,583,419	\$ 9,583,419	\$ -	\$ (276,722)	\$ 9,306,697	\$ 9,306,697
Southside Bank MMA	0.51%	07/01/2016	6/30/2016	4,404,737	4,404,737	5,436		4,410,173	4,410,173
TexPool	0.36%	07/01/2016	6/30/2016	5,054,621	5,054,621	825,719		5,880,340	5,880,340
Southside Bank CD	0.29%	05/02/2016	05/02/2015	1,011,889	1,011,889		(1,011,889)	-	-
Southside Bank CD	0.70%	05/02/2017	05/02/2016	-	-	1,011,865		1,011,865	1,011,865
<b>TOTAL</b>				<b>\$ 20,054,666</b>	<b>\$ 20,054,666</b>	<b>\$ 1,843,020</b>	<b>\$ (1,288,611)</b>	<b>\$ 20,609,075</b>	<b>\$ 20,609,075</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2016				June 30, 2016		
			Original Face\	Market	Qtr-to-Qtr	Original Face\	Market		
			Par Value	Price	Market Value	Change	Par Value	Price	Market Value
FCB Account	0.25%	07/01/2016	\$ 9,583,419	1.00	\$ 9,583,419	\$ (276,722)	\$ 9,306,697	1.00	\$ 9,306,697
Southside Bank MMA	0.51%	07/01/2016	4,404,737	1.00	4,404,737	5,436	4,410,173	1.00	4,410,173
TexPool	0.36%	07/01/2016	5,054,621	1.00	5,054,621	825,719	5,880,340	1.00	5,880,340
Southside Bank CD	0.29%	05/02/2016	1,011,889	100	1,011,889	(1,011,889)	-		-
Southside Bank CD	0.70%	05/02/2017	-		-	1,011,865	1,011,865	100	1,011,865
<b>TOTAL</b>			<b>\$ 20,054,666</b>		<b>\$ 20,054,666</b>	<b>\$ 554,409</b>	<b>\$ 20,609,075</b>		<b>\$ 20,609,075</b>

**Fund Allocation  
Book & Market Value  
June 30, 2016**

	<b>Fund Total</b>	<b>FCB Account</b>	<b>TexPool</b>	<b>Southside Bank MMA</b>	<b>Southside Bank CD (0.70%)</b>
Consolidated/General	\$ 5,987,405	\$ 2,479,421	\$ 2,496,118	\$ -	\$ 1,011,865
Escrow	281,599	-	281,599	-	-
Utilites Cons./W & S	4,247,539	3,698,092	549,446	-	-
Payroll	463,307	463,307	-	-	-
W&S O & M Reserve	460,406	-	54,911	405,494	-
W&S R & R Reserve	432,079	-	27,690	404,389	-
W & S Debt Service Reserve	1,272,541	-	59,489	1,213,052	-
W & S Reserve Capital Imp	201,601	-	201,601	-	-
CO 2007 EDC Projects	1,690,694	-	1,690,694	-	-
CO Series 2011	2,021,901	-	-	2,021,901	-
CO Series 2012	518,791	-	518,791	-	-
Cons. Cash Grant CO	1,137	1,137	-	-	-
Police	2,606	2,606	-	-	-
Forfeiture Seizure Federal	100,623	100,623	-	-	-
Special Investigations Ckg	75,393	75,393	-	-	-
Special investigation Svgs	13,960	13,960	-	-	-
Veterans Memorial	31,782	31,782	-	-	-
Resaca Trails	42,984	42,984	-	-	-
Hotel/Motel Tax	321,285	321,285	-	-	-
Community Dev. Block Grant	415	415	-	-	-
DSRIP UTHSCSA	20,322	20,322	-	-	-
Fire Relief & Retirement Plan	148,136	148,136	-	-	-
Border Security	15,572	15,572	-	-	-
Emergency Management Funds	144,741	144,741	-	-	-
Revolving Loan	103,101	103,101	-	-	-
Local Match	194	194	-	-	-
TIRZ	425,489	425,489	-	-	-
<b>Sub-totals</b>	<b>19,025,603</b>	<b>8,088,561</b>	<b>5,880,340</b>	<b>4,044,836</b>	<b>1,011,865</b>
EDC	1,582,396	1,217,059	-	365,337	-
EDC-SB Cultural Heritage Program	1,076	1,076	-	-	-
<b>Sub-totals</b>	<b>1,583,472</b>	<b>1,218,136</b>	<b>-</b>	<b>365,337</b>	<b>-</b>
<b>Totals</b>	<b>\$ 20,609,075</b>	<b>\$ 9,306,697</b>	<b>\$ 5,880,340</b>	<b>\$ 4,410,173</b>	<b>\$ 1,011,865</b>

**Fund Allocation  
Book & Market Value  
March 31, 2016**

	<b>Fund Total</b>	<b>FCB Account</b>	<b>TexPool</b>	<b>Southside Bank MMA</b>	<b>Southside Bank CD (0.29%)</b>
Consolidated/General	\$ 6,202,804	\$ 3,871,547	\$ 1,319,368	\$ -	\$ 1,011,889
Escrow	281,356	-	281,356	-	-
Utilites Cons./W & S	3,948,710	3,299,718	648,992	-	-
Payroll	32,747	32,747	-	-	-
W&S O & M Reserve	459,858	-	54,864	404,994	-
W&S R & R Reserve	431,556	-	27,666	403,891	-
W & S Debt Service Reserve	1,270,994	-	59,437	1,211,557	-
W & S Reserve Capital Imp	201,427	-	201,427	-	-
CO 2007 EDC Projects	1,689,232	-	1,689,232	-	-
CO Series 2011	2,019,409	-	-	2,019,409	-
CO Series 2012	772,280	-	772,280	-	-
Cons. Cash Grant CO	1,136	1,136	-	-	-
Police	3,664	3,664	-	-	-
Forfeiture Seizure Federal	59,245	59,245	-	-	-
Special Investigations Ckg	75,393	75,393	-	-	-
Special investigation Svgs	13,015	13,015	-	-	-
Veterans Memorial	31,263	31,263	-	-	-
Resaca Trails	1,540	1,540	-	-	-
Hotel/Motel Tax	305,090	305,090	-	-	-
Community Dev. Block Grant	415	415	-	-	-
DSRIP UTHSCSA	27,550	27,550	-	-	-
Fire Relief & Retirement Plan	135,075	135,075	-	-	-
Border Security	15,562	15,562	-	-	-
Emergency Management Funds	162,078	162,078	-	-	-
Revolving Loan	92,757	92,757	-	-	-
Local Match	19,185	19,185	-	-	-
TIRZ	425,224	425,224	-	-	-
<b>Sub-totals</b>	<b>18,678,566</b>	<b>8,572,205</b>	<b>5,054,621</b>	<b>4,039,851</b>	<b>1,011,889</b>
EDC	1,375,024	1,010,138	-	364,886	-
EDC-SB Cultural Heritage Program	1,076	1,076	-	-	-
<b>Sub-totals</b>	<b>1,376,100</b>	<b>1,011,214</b>	<b>-</b>	<b>364,886</b>	<b>-</b>
<b>Totals</b>	<b>\$ 20,054,666</b>	<b>\$ 9,583,419</b>	<b>\$ 5,054,621</b>	<b>\$ 4,404,737</b>	<b>\$ 1,011,889</b>