



INVESTMENT REPORT

For the Period Ended
September 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.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

Asset Type	September 30, 2016			September 30, 2015		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Bank Accounts/MMA	0.35%	\$ 14,158,893	\$ 14,158,893	0.25%	\$ 14,325,890	\$ 14,325,890
Local Government Pools	0.38%	5,355,531	5,355,531	0.09%	4,941,601	4,941,601
CDs/Securities	0.70%	1,013,617	1,013,617	0.29%	1,009,674	1,009,674
Totals		\$ 20,528,040	\$ 20,528,040		\$ 20,277,165	\$ 20,277,165
			<u>2016</u>		<u>2015</u>	<u>Change</u>
	Total Portfolio (1)		0.33%	0.19%	0.14%	
	Rolling Three Mo. Treas. Yield		0.30%	0.03%	0.27%	
	Rolling Six Mo. Treas. Yield		0.42%	0.09%	0.33%	
	Quarterly TexPool Yield		0.38%	0.06%	0.32%	

(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, 2016		June 30, 2016	
		Book Value	Market Value	Book Value	Market Value
Bank Accounts/MMA	0.35%	\$ 14,158,893	\$ 14,158,893	\$ 13,716,870	\$ 13,716,870
Local Government Pools	0.38%	5,355,531	5,355,531	5,880,340	5,880,340
CDs/Securities	0.70%	1,013,617	1,013,617	1,011,865	1,011,865
Totals		\$ 20,528,040	\$ 20,528,040	\$ 20,609,075	\$ 20,609,075

Average Yield for Quarter(1):

Total Portfolio 0.38%

Rolling Three Mo. Treas. Yield 0.29%

Rolling Six Mo. Treas. Yield 0.42%

Quarterly Interest Income \$ 18,891

YTD Interest Income \$ 68,407

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

Total Portfolio 0.33%

Rolling Three Mo. Treas. Yield 0.24%

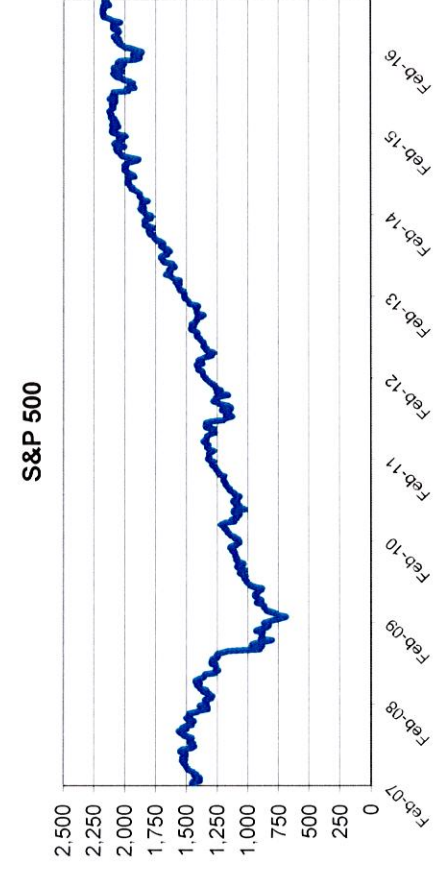
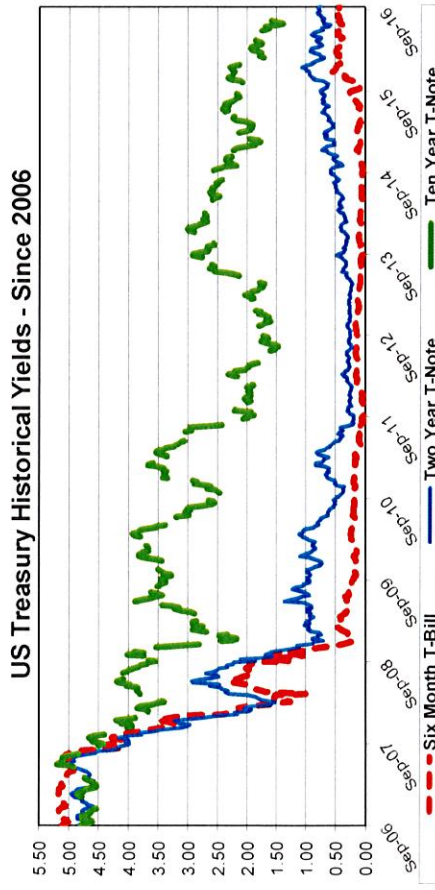
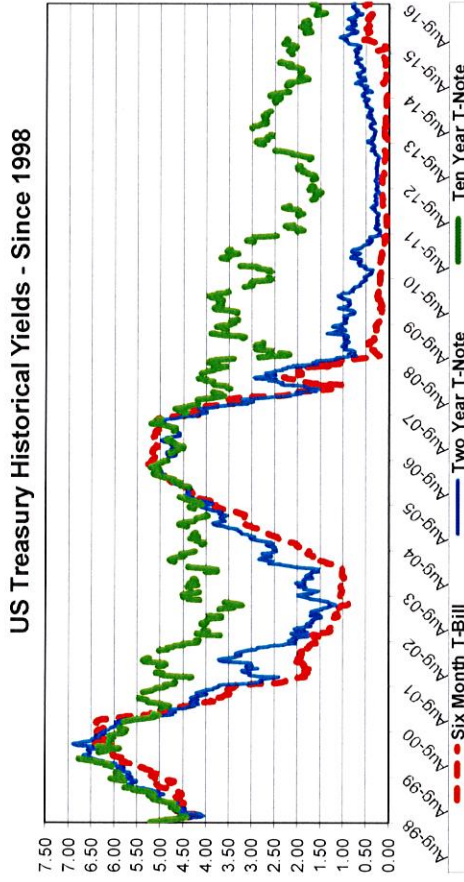
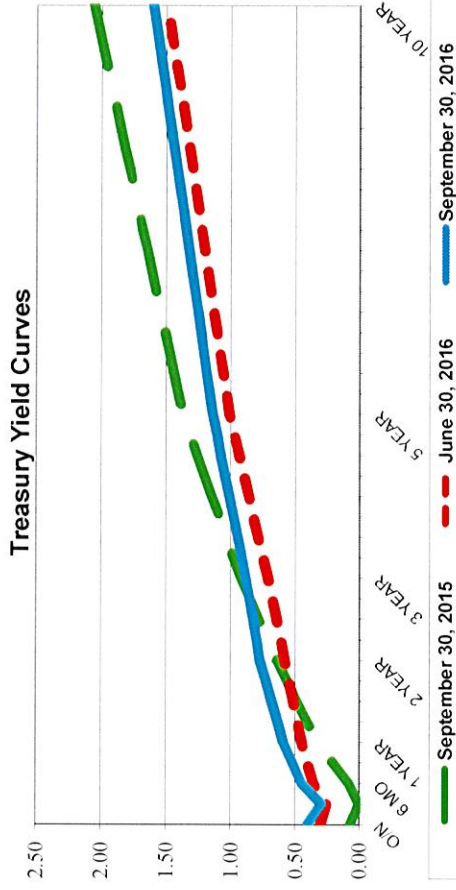
Rolling Six Mo. Treas. Yield 0.37%

Quarterly TexPool Yield 0.31%

(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 of 0.25% - 0.50% (actual Fed Funds traded +/-40 bps). The September FOMC meeting recorded dissenting votes for maintaining rates. More hawkish members wanted to raise the range by 0.25%. The current probability of a December FOMC meeting vote to raise the Fed Funds target is +/-60%. Second Quarter US GDP revised to 1.4% (from 1.1%, no more revision is expected). Other economic data reflected modest, yet inconsistent, growth. The US Stock markets have maintained higher levels. Treasury yields drifted slightly higher on tightening rumors. Taxable municipal bonds or CDs offer the best interest earnings opportunity, if available.



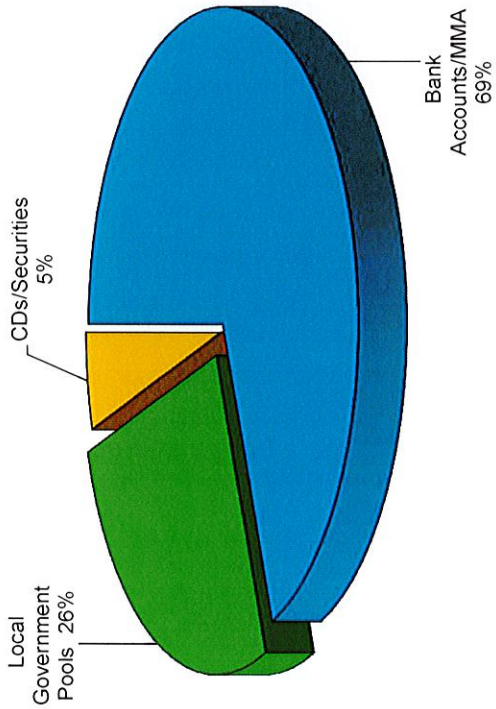
**Investment Holdings
September 30, 2016**

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB Account		0.25%	10/01/2016	09/30/2016	\$ 8,995,045	\$ 8,995,045	1.00	\$ 8,995,045	1	0.25%
Southside Bank MMA		0.53%	10/01/2016	09/30/2016	4,162,981	4,162,981	1.00	4,162,981	1	0.53%
Green Bank MMA		0.55%	10/01/2016	09/30/2016	1,000,867	1,000,867	1.00	1,000,867	1	0.55%
TexPool	AAA-m	0.38%	10/01/2016	09/30/2016	5,355,531	5,355,531	1.00	5,355,531	1	0.38%
Southside Bank CD		0.70%	05/02/2017	05/02/2016	1,013,617	1,013,617	1.00	1,013,617	214	0.70%
					<u>\$ 20,528,040</u>	<u>\$ 20,528,040</u>		<u>\$ 20,528,040</u>	<u>12</u>	<u>0.38%</u>
									(1)	(2)

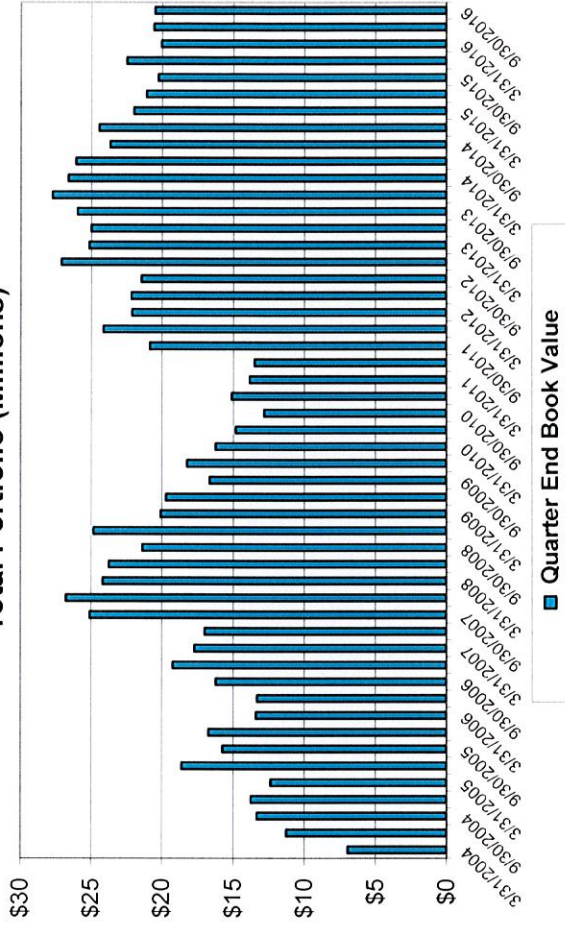
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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	June 30, 2016			September 30, 2016		
				Original Face\		Purchases at Cost	Sales/ Maturities	Original Face\	
				Par Value	Book Value			Par Value	Book Value
FCB Account	0.25%	10/01/2016	9/30/2016	\$ 9,306,697	\$ 9,306,697	\$ -	\$ (311,651)	\$ 8,995,045	\$ 8,995,045
Southside Bank MMA	0.53%	10/01/2016	9/30/2016	4,410,173	4,410,173	-	(247,192)	4,162,981	4,162,981
Green Bank MMA	0.55%	10/01/2016	9/30/2016	-	-	1,000,867	-	1,000,867	1,000,867
TexPool	0.38%	10/01/2016	9/30/2016	5,880,340	5,880,340	-	(524,809)	5,355,531	5,355,531
Southside Bank CD	0.70%	05/02/2017	05/02/2016	1,011,865	1,011,865	1,751	-	1,013,617	1,013,617
TOTAL				\$ 20,609,075	\$ 20,609,075	\$ 1,002,618	\$ (1,083,652)	\$ 20,528,040	\$ 20,528,040

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	Original Face\ Par Value	June 30, 2016		Qtr-to-Qtr Change	September 30, 2016		
				Market Price	Market Value		Original Face\ Par Value	Market Price	
				Market Price	Market Value		Original Face\ Par Value	Market Price	
FCB Account	0.25%	10/01/2016	\$ 9,306,697	1.00	\$ 9,306,697	\$ (311,651)	\$ 8,995,045	1.00	\$ 8,995,045
Southside Bank MMA	0.53%	10/01/2016	4,410,173	1.00	4,410,173	(247,192)	4,162,981	1.00	4,162,981
Green Bank MMA	0.55%	10/01/2016	-	-	-	1,000,867	1,000,867	1.00	1,000,867
TexPool	0.38%	10/01/2016	5,880,340	1.00	5,880,340	(524,809)	5,355,531	1.00	5,355,531
Southside Bank CD	0.70%	05/02/2017	1,011,865	100	1,011,865	1,751	1,013,617	100	1,013,617
TOTAL			\$ 20,609,075		\$ 20,609,075	\$ (81,035)	\$ 20,528,040		\$ 20,528,040

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

	Fund Total	FCB Account	TexPool	Southside Bank MMA	Green Bank MMA	Southside Bank CD (0.70%) 05/02/17
Consolidated/General	\$ 5,221,745	\$ 1,709,465	\$ 1,998,144	\$ -	\$ 500,520	\$ 1,013,617
Escrow	251,838	-	251,838	-	-	-
Utilities Cons./W & S Payroll	4,752,859	4,202,894	549,965	-	-	-
W&S O & M Reserve	184,675	184,675	-	-	-	-
W&S R & R Reserve	460,660	-	54,963	405,697	-	-
W & S Debt Service Reserve	432,642	-	27,716	404,926	-	-
W & S Reserve Capital Imp	1,021,499	-	59,545	961,955	-	-
CO 2007 EDC Projects	201,792	-	201,792	-	-	-
CO Series 2011	1,692,288	-	1,692,288	-	-	-
CO Series 2012	2,024,585	-	-	2,024,585	-	-
Cons. Cash Grant CO	519,281	-	519,281	-	-	-
Police	1,137	1,137	-	-	-	-
Forfeiture Seizure Federal	2,578	2,578	-	-	-	-
Special Investigations Ckg	97,981	97,981	-	-	-	-
Special investigation Svgs	131,537	131,537	-	-	-	-
Veterans Memorial	13,960	13,960	-	-	-	-
Resaca Trails	31,503	31,503	-	-	-	-
Hotel/Motel Tax	495,303	495,303	-	-	-	-
Community Dev. Block Grant	346,012	346,012	-	-	-	-
DSRIP UTHSCSA	4,963	4,963	-	-	-	-
Fire Relief & Retirement Plan	20,335	20,335	-	-	-	-
Border Security	161,860	161,860	-	-	-	-
Emergency Management Funds	15,582	15,582	-	-	-	-
Revolving Loan	146,247	146,247	-	-	-	-
Local Match	118,306	118,306	-	-	-	-
TIRZ	194	194	-	-	-	-
	425,757	425,757	-	-	-	-
Sub-totals	18,777,120	8,110,289	5,355,531	3,797,163	500,520	1,013,617
EDC	1,749,844	883,679	-	365,818	500,347	-
EDC-SB Cultural Heritage Program	1,077	1,077	-	-	-	-
Sub-totals	1,750,921	884,756	-	365,818	500,347	-
Totals	\$ 20,528,040	\$ 8,995,045	\$ 5,355,531	\$ 4,162,981	\$ 1,000,867	\$ 1,013,617

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

	Fund Total	FCB Account	TexPool	Southside Bank MMA	Southside Bank CD (0.70%) 05/02/17
Consolidated/General	\$ 5,987,405	\$ 2,479,421	\$ 2,496,118	\$ -	\$ 1,011,865
Escrow	281,599	-	281,599	-	-
Utilites Cons./W & S Payroll	4,247,539	3,698,092	549,446	-	-
W&S O & M Reserve	463,307	463,307	-	-	-
W&S R & R Reserve	460,406	-	54,911	405,494	-
W & S Debt Service Reserve	432,079	-	27,690	404,389	-
W & S Reserve Capital Imp	1,272,541	-	59,489	1,213,052	-
CO 2007 EDC Projects	201,601	-	201,601	-	-
CO Series 2011	1,690,694	-	1,690,694	-	-
CO Series 2012	2,021,901	-	-	2,021,901	-
Cons. Cash Grant CO Police	518,791	-	518,791	-	-
Forfeiture Seizure Federal	1,137	1,137	-	-	-
Special Investigations Ckg	2,606	2,606	-	-	-
Special investigation Svgs	100,623	100,623	-	-	-
Veterans Memorial	75,393	75,393	-	-	-
Resaca Trails	13,960	13,960	-	-	-
Hotel/Motel Tax	31,782	31,782	-	-	-
Community Dev. Block Grant	42,984	42,984	-	-	-
DSRIP UTHSCSA	321,285	321,285	-	-	-
Fire Relief & Retirement Plan	415	415	-	-	-
Border Security	20,322	20,322	-	-	-
Emergency Management Funds	148,136	148,136	-	-	-
Revolving Loan	15,572	15,572	-	-	-
Local Match	144,741	144,741	-	-	-
TIRZ	103,101	103,101	-	-	-
	194	194	-	-	-
	425,489	425,489	-	-	-
Sub-totals	19,025,603	8,088,561	5,880,340	4,044,836	1,011,865
EDC	1,582,396	1,217,059	-	365,337	-
EDC-SB Cultural Heritage Program	1,076	1,076	-	-	-
Sub-totals	1,583,472	1,218,136	-	365,337	-
Totals	\$ 20,609,075	\$ 9,306,697	\$ 5,880,340	\$ 4,410,173	\$ 1,011,865