



INVESTMENT REPORT

**For the Period Ended
September 30, 2018**

**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.

A handwritten signature in blue ink, appearing to read "C. B. ...", is written over a horizontal line.

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:

	September 30, 2017			September 30, 2018		
Asset Type	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Bank Accounts/MMA	0.68%	\$ 14,299,482	\$ 14,299,482	1.07%	\$ 16,474,045	\$ 16,474,045
Local Government Pools	1.02%	4,429,363	4,429,363	2.00%	3,300,570	3,300,570
CDs/Securities	1.14%	2,008,486	2,008,486	2.16%	4,245,986	4,245,986
Totals		\$ 20,737,331	\$ 20,737,331		\$ 24,020,600	\$ 24,020,600

Fourth Quarter-End Yield **0.80%**

1.39%

Average Quarter-End Yields (1):

	2017 Fiscal Year	2018 Fiscal Year
San Benito-City	0.64%	1.17%
Rolling Three Month Treasury	0.75%	1.69%
Rolling Six Month Treasury	0.78%	1.73%
TexPool	0.74%	1.62%

Fiscal YTD Interest Earnings \$ 135,459

\$ 308,669

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2018			September 30, 2018		
	Book Value	Market Value	Ave. Yield	Book Value	Market Value	Ave. Yield
Bank Accounts/MMA	\$ 17,049,923	\$ 17,049,923		\$ 16,474,045	\$ 16,474,045	1.07%
Local Government Pools	3,284,529	3,284,529		3,300,570	3,300,570	2.00%
CDs/Securities	3,225,761	3,225,761		4,245,986	4,245,986	2.16%
Totals	\$ 23,560,212	\$ 23,560,212		\$ 24,020,600	\$ 24,020,600	

Average Yield Current Quarter(1):

Total Portfolio 1.39%

Rolling Three Mo. Treas. Yield 2.08%

Rolling Six Mo. Treas. Yield 2.15%

Interest Income (City & EDC)

Quarterly Interest Income \$ 98,099

YTD Interest Income \$ 308,669

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

Total Portfolio 1.17%

Rolling Three Mo. Treas. Yield 1.69%

Rolling Six Mo. Treas. Yield 1.73%

Quarterly TexPool Yield 1.62%

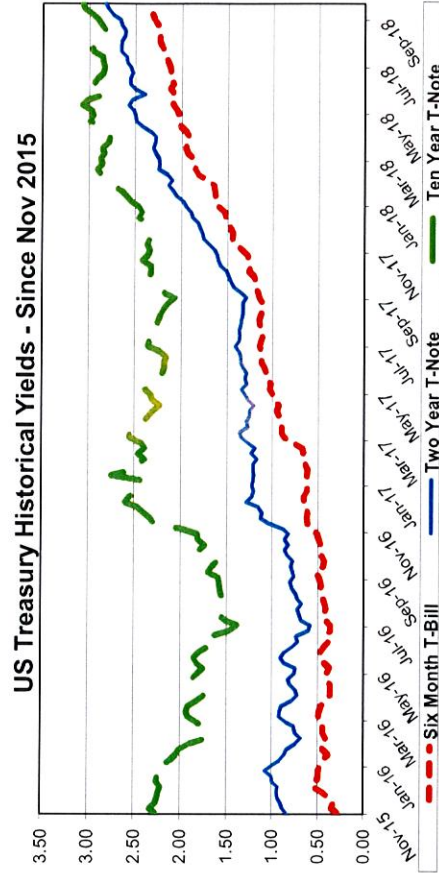
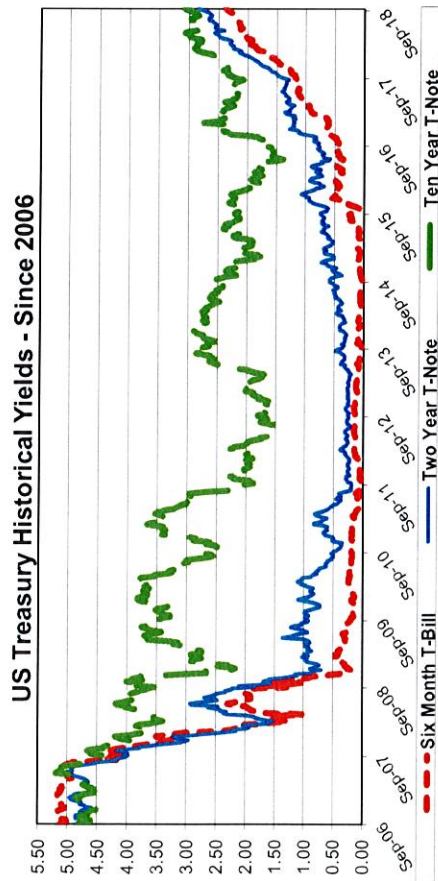
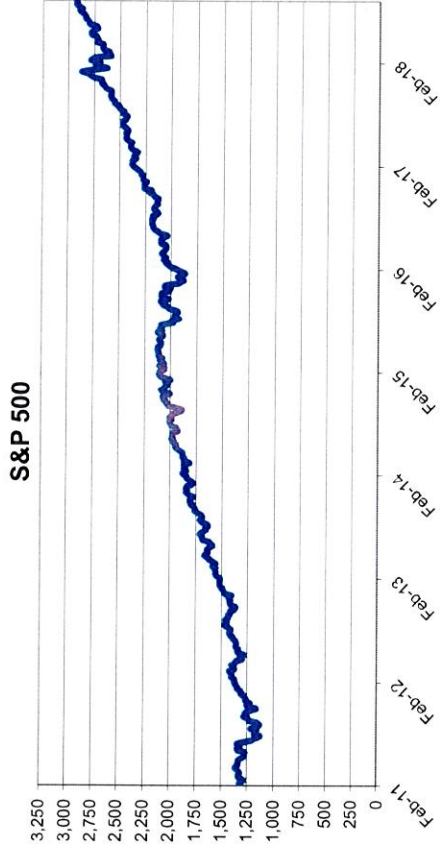
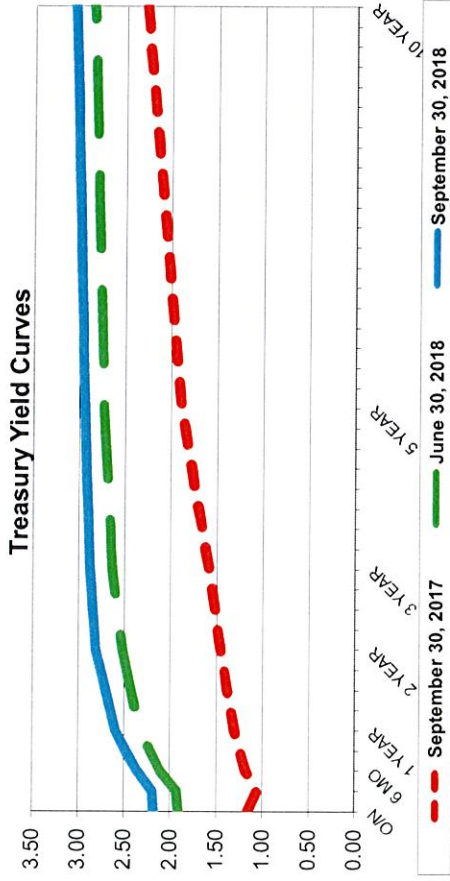
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

9/30/2018

The Federal Open Market Committee (FOMC) increased the Fed Funds target range to 2.00% - 2.25% (Effective Fed Funds are trading +/-2.18%). Additional range increases are still projected for Dec 2018 and 2019. Gradual Federal Reserve Bank portfolio reduction continues by limiting reinvestment of maturing holdings. Second Quarter grew 4.2% (final estimate). Employment/Unemployment continues to strong levels. West Texas Intermediate Crude oil increased above +/- \$70. The Stock Markets reached new highs. Consumer Confidence is strong. Personal Income is improving. The flattening yield curve may or may not impact long range FOMC actions.



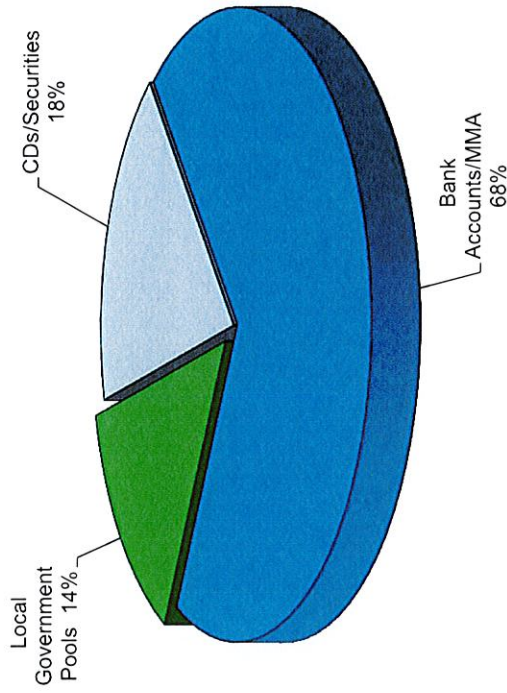
**Investment Holdings
September 30, 2018**

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB Account		0.25%	10/01/2018	09/30/2018	\$ 9,312,567	\$ 9,312,567	1.00	\$ 9,312,567	1	0.25%
Southside Bank MMA		2.15%	10/01/2018	09/30/2018	3,018,055	3,018,055	1.00	3,018,055	1	2.15%
Green Bank MMA		2.11%	10/01/2018	09/30/2018	4,143,423	4,143,423	1.00	4,143,423	1	2.11%
TexPool	AAA/m	2.00%	10/01/2018	09/30/2018	3,300,570	3,300,570	1.00	3,300,570	1	2.00%
East West Bank CD		1.82%	12/21/2018	12/20/2017	1,216,984	1,216,984	100.00	1,216,984	82	1.82%
LegacyTexas Bank CD		2.00%	01/30/2019	01/30/2018	1,013,393	1,013,393	100.00	1,013,393	122	2.00%
East West Bank CD		2.48%	02/08/2019	08/08/2018	1,003,539	1,003,539	100.00	1,003,539	131	2.48%
Third Coast Bank SSB CD		2.40%	03/28/2019	03/28/2018	1,012,069	1,012,069	100.00	1,012,069	179	2.40%
					\$ 24,020,600	\$ 24,020,600		\$ 24,020,600	23	1.39%
									(1)	(2)

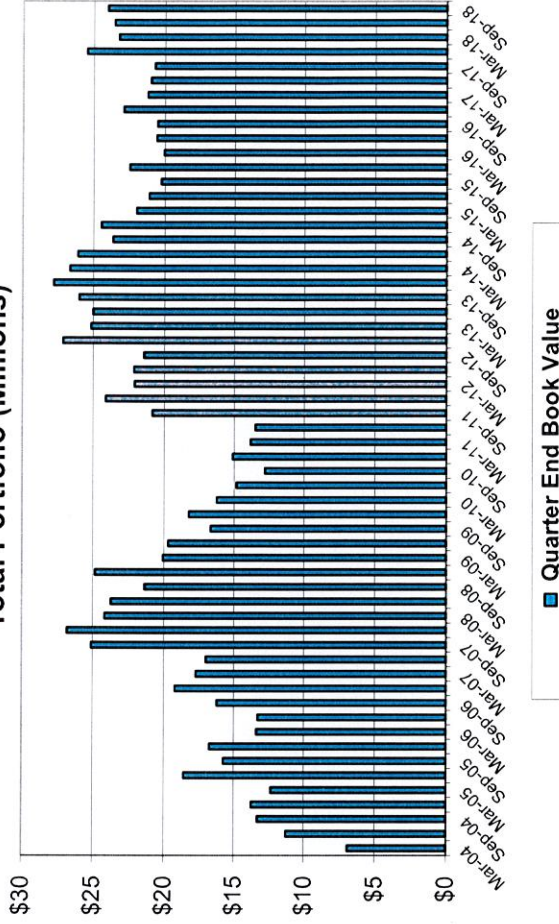
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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, 2018			September 30, 2018		
				Original Face\		Purchases at Cost	Sales/ Maturities	Original Face\	
				Par Value	Book Value			Par Value	Book Value
FCB Account	0.25%	10/01/2018	9/30/2018	\$ 8,928,081	\$ 8,928,081	\$ 384,486	\$ -	\$ 9,312,567	\$ 9,312,567
Southside Bank MMA	2.15%	10/01/2018	9/30/2018	4,000,130	4,000,130		(982,075)	3,018,055	3,018,055
Green Bank MMA	2.11%	10/01/2018	9/30/2018	4,121,712	4,121,712	21,711		4,143,423	4,143,423
TexPool	2.00%	10/01/2018	9/30/2018	3,284,529	3,284,529	16,041		3,300,570	3,300,570
East West Bank CD	1.82%	12/21/2018	12/20/2017	1,211,476	1,211,476	5,509		1,216,984	1,216,984
LegacyTexas Bank CD	2.00%	01/30/2019	01/30/2018	1,008,301	1,008,301	5,091		1,013,393	1,013,393
East West Bank CD	2.48%	02/08/2019	08/08/2018	-	-	1,003,539		1,003,539	1,003,539
Third Coast Bank SSB CD	2.40%	03/28/2019	03/28/2018	1,005,984	1,005,984	6,086		1,012,069	1,012,069
TOTAL				\$ 23,560,212	\$ 23,560,212	\$ 1,442,463	\$ (982,075)	\$ 24,020,600	\$ 24,020,600

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	Original Face\ Par Value	June 30, 2018		Qtr-to-Qtr Change	September 30, 2018		
				Market Price	Market Value		Original Face\ Par Value	Market Price	
				Market Price	Market Value		Original Face\ Par Value	Market Price	
FCB Account	0.25%	10/01/2018	\$ 8,928,081	1.00	\$ 8,928,081	\$ 384,486	\$ 9,312,567	1.00	\$ 9,312,567
Southside Bank MMA	2.15%	10/01/2018	4,000,130	1.00	4,000,130	(982,075)	3,018,055	1.00	3,018,055
Green Bank MMA	2.11%	10/01/2018	4,121,712	1.00	4,121,712	21,711	4,143,423	1.00	4,143,423
TexPool	2.00%	10/01/2018	3,284,529	1.00	3,284,529	16,041	3,300,570	1.00	3,300,570
East West Bank CD	1.82%	12/21/2018	1,211,476	100.00	1,211,476	5,509	1,216,984	100.00	1,216,984
LegacyTexas Bank CD	2.00%	01/30/2019	1,008,301	100.00	1,008,301	5,091	1,013,393	100.00	1,013,393
East West Bank CD	2.48%	02/08/2019	-	-	-	1,003,539	1,003,539	100.00	1,003,539
Third Coast Bank SSB CD	2.40%	03/28/2019	1,005,984	100.00	1,005,984	6,086	1,012,069	100.00	1,012,069
TOTAL			\$ 23,560,212		\$ 23,560,212	\$ 460,388	\$ 24,020,600		\$ 24,020,600

**Fund Allocation
Book & Market Value
September 30, 2018**

	Fund Total	FCB Account	TexPool	Southside Bank MMA	Green Bank MMA	Third Coast Bank SSB CD	East West Bank CDs	LegacyTexas Bank CDs
Consolidated/General	\$ 8,817,478	\$ 1,891,689	\$ 1,083,741	\$ -	\$ 3,319,742	\$ 1,012,069	\$ 1,003,539	\$ 506,696
Escrow	257,509	-	257,509	-	-	-	-	-
Utilites Cons./W & S Payroll	4,899,753	4,393,056	-	-	-	-	-	506,696
Water (Greenbank)	178,675	178,675	-	-	512,918	-	-	-
Water Treatment Plant	512,918	-	-	-	-	-	-	-
W&S O & M Reserve	893,044	-	-	893,044	-	-	-	-
W&S R & R Reserve	452,470	-	56,201	396,270	-	-	-	-
W & S Debt Service Reserve	256,628	-	28,340	228,289	-	-	-	-
W & S Reserve Capital Imp	431,024	-	60,886	370,139	-	-	-	-
Water and Sewer	206,336	-	206,336	-	-	-	-	-
CO 2007 EDC Projects	562,349	-	562,349	-	-	-	-	-
CO Series 2011	927,917	-	927,917	-	-	-	-	-
CO Series 2012	898,112	-	-	898,112	-	-	-	-
Cons. Cash Grant CO	117,292	-	117,292	-	-	-	-	-
Veterans Memorial	1,152	1,152	-	-	-	-	-	-
Resaca Trails	38,907	38,907	-	-	-	-	-	-
Hotel/Motel Tax	455,820	50,158	-	-	-	-	405,661	-
Community Dev. Block Grant	488,655	82,994	-	-	-	-	405,661	-
DSRIP UTHSCSA	14,920	14,920	-	-	-	-	-	-
Police	20,534	20,534	-	-	-	-	-	-
Forfeiture Seizure Federal	2,489	2,489	-	-	-	-	-	-
Special Investigations Ckg	136,925	136,925	-	-	-	-	-	-
Special investigation Svgs	401,353	401,353	-	-	-	-	-	-
Fire Relief & Retirement Plan	22,954	22,954	-	-	-	-	-	-
Border Security	78,179	78,179	-	-	-	-	-	-
Emergency Management Funds	15,789	15,789	-	-	-	-	-	-
Revolving Loan	203,221	203,221	-	-	-	-	-	-
TIRZ	276,984	276,984	-	-	-	-	-	-
	812,563	812,563	-	-	-	-	-	-
Sub-totals	\$ 22,381,948	\$ 8,622,541	\$ 3,300,570	\$ 2,785,853	\$ 3,832,660	\$ 1,012,069	\$ 1,814,862	\$ 1,013,393
EDC	1,232,991	690,026	-	232,202	310,763	-	-	-
EDC-East West Investment	405,661	-	-	-	-	-	405,661	-
Sub-totals	\$ 1,638,652	\$ 690,026	\$ -	\$ 232,202	\$ 310,763	\$ -	\$ 405,661	\$ -
Totals	\$ 24,020,600	\$ 9,312,567	\$ 3,300,570	\$ 3,018,055	\$ 4,143,423	\$ 1,012,069	\$ 2,220,524	\$ 1,013,393

**Fund Allocation
Book & Market Value
June 30, 2018**

	Fund Total	FCB Account	TexPool	Southside Bank MMA	Green Bank MMA	Third Coast Bank SSB CD	East West Bank CDs	LegacyTexas Bank CDs
Consolidated/General	\$ 8,678,616	\$ 2,787,661	\$ 1,078,474	\$ -	\$ 3,302,347	\$ 1,005,984	\$ -	\$ 504,151
Escrow	256,258	-	256,258	-	-	-	-	-
Utilites Cons./W & S Payroll	3,924,506	3,420,355	-	-	-	-	-	504,151
Water (Greenbank)	381,878	381,878	-	-	-	-	-	-
Water Treatment Plant	510,230	-	-	-	510,230	-	-	-
W&S O & M Reserve	1,886,160	-	-	1,886,160	-	-	-	-
W&S R & R Reserve	450,140	-	55,928	394,212	-	-	-	-
W & S Debt Service Reserve	255,305	-	28,202	227,103	-	-	-	-
W & S Reserve Capital Imp	428,805	-	60,590	368,215	-	-	-	-
Water and Sewer	205,333	-	205,333	-	-	-	-	-
CO 2007 EDC Projects	559,616	-	559,616	-	-	-	-	-
CO Series 2011	923,407	-	923,407	-	-	-	-	-
CO Series 2012	893,447	-	-	893,447	-	-	-	-
Cons. Cash Grant CO	116,722	-	116,722	-	-	-	-	-
Veterans Memorial	1,149	1,149	-	-	-	-	-	-
Resaca Trails	37,143	37,143	-	-	-	-	-	-
Hotel/Motel Tax	471,530	67,705	-	-	-	-	403,825	-
Community Dev. Block Grant	472,657	68,832	-	-	-	-	403,825	-
DSRIP UTHSCSA	3,476	3,476	-	-	-	-	-	-
Police	20,465	20,465	-	-	-	-	-	-
Forfeiture Seizure Federal	3,641	3,641	-	-	-	-	-	-
Special Investigations Ckg	134,801	134,801	-	-	-	-	-	-
Special investigation Svgs	289,161	289,161	-	-	-	-	-	-
Fire Relief & Retirement Plan	21,054	21,054	-	-	-	-	-	-
Border Security	167,413	167,413	-	-	-	-	-	-
Emergency Management Funds	15,749	15,749	-	-	-	-	-	-
Revolving Loan	210,759	210,759	-	-	-	-	-	-
TIRZ	269,065	269,065	-	-	-	-	-	-
Sub-totals	\$ 22,018,598	\$ 8,330,419	\$ 3,284,529	\$ 3,769,137	\$ 3,812,577	\$ 1,005,984	\$ 807,650	\$ 1,008,301
EDC	1,137,789	597,662	-	230,993	309,135	-	-	-
EDC-East West Investment	403,825	-	-	-	-	-	403,825	-
Sub-totals	\$ 1,541,614	\$ 597,662	\$ -	\$ 230,993	\$ 309,135	\$ -	\$ 403,825	\$ -
Totals	\$ 23,560,212	\$ 8,928,081	\$ 3,284,529	\$ 4,000,130	\$ 4,121,712	\$ 1,005,984	\$ 1,211,476	\$ 1,008,301