

City of San Benito

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 2012

Prepared by

Estrada Hinojosa & Company, Inc.

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 Estrada Hinojosa & Company, Inc. 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 are trading +/-15 bps). At the December meeting, the FOMC extended Operation Twist and modified the exceptionally low rate target from "mid-2015" to unemployment below 6.2% and inflation less than 2.0%. The Fiscal Cliff was narrowly avoided, but largely unresolved. Federal spending and the debt ceiling need to be re-addressed later this spring. The European credit crisis was subdued, but also unresolved long term. Domestic employment growth is modest and inconsistent. Overall economic activity remains low to moderate. The US stock market continued edging higher. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>December 31, 2012</u>		<u>September 30, 2012</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Bank Accounts/MMA	0.44%	\$ 11,887,719.41	\$ 11,887,719.41	\$ 11,769,509.37	\$ 11,769,509.37
Local Government Pools	0.15%	15,246,296.44	15,246,296.44	9,666,436.73	9,666,436.73
CDs/Securities		-	-	-	-
Totals		\$ 27,134,015.85	\$ 27,134,015.85	\$ 21,435,946.10	\$ 21,435,946.10

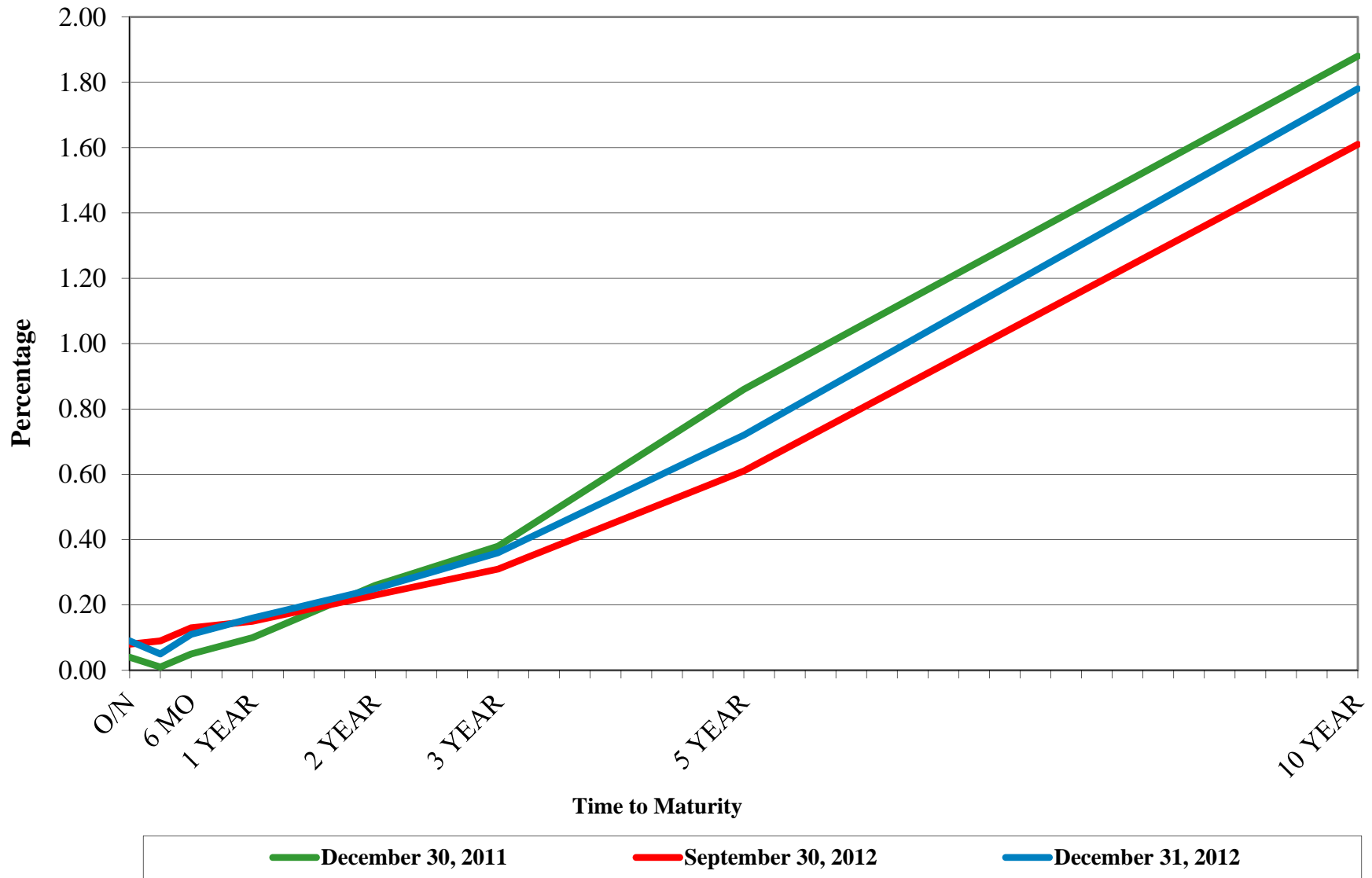
<u>Average Yield (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	0.28%	Total Portfolio	0.28%
Rolling Three Mo. Treas. Yield	0.09%	Rolling Three Mo. Treas. Yield	0.09%
Rolling Six Mo. Treas. Yield	0.14%	Rolling Six Mo. Treas. Yield	0.14%
		Quarterly TexPool Yield	0.15%

Quarterly Interest Income	\$ 18,836.90
YTD Interest Income	\$ 18,836.90

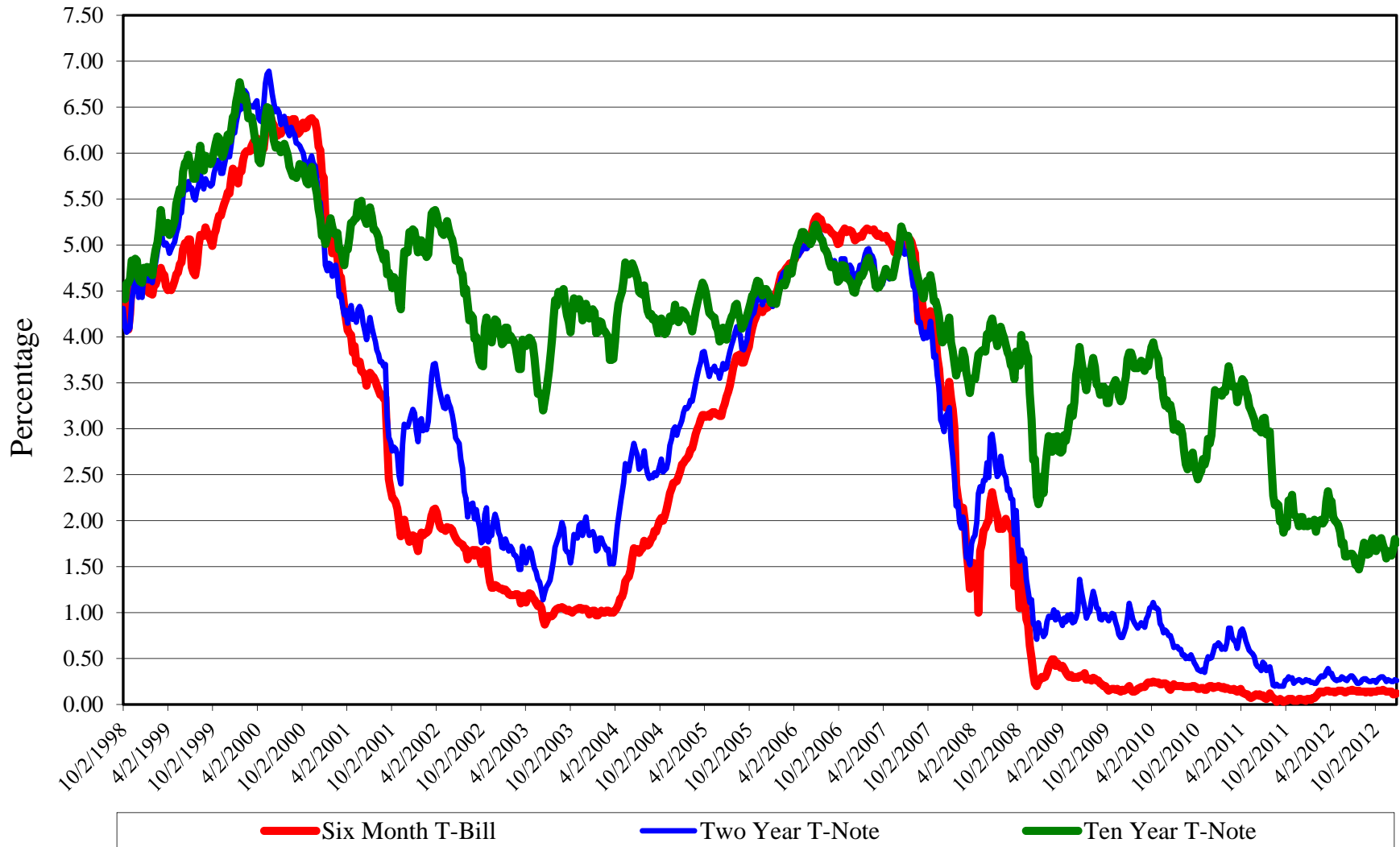
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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



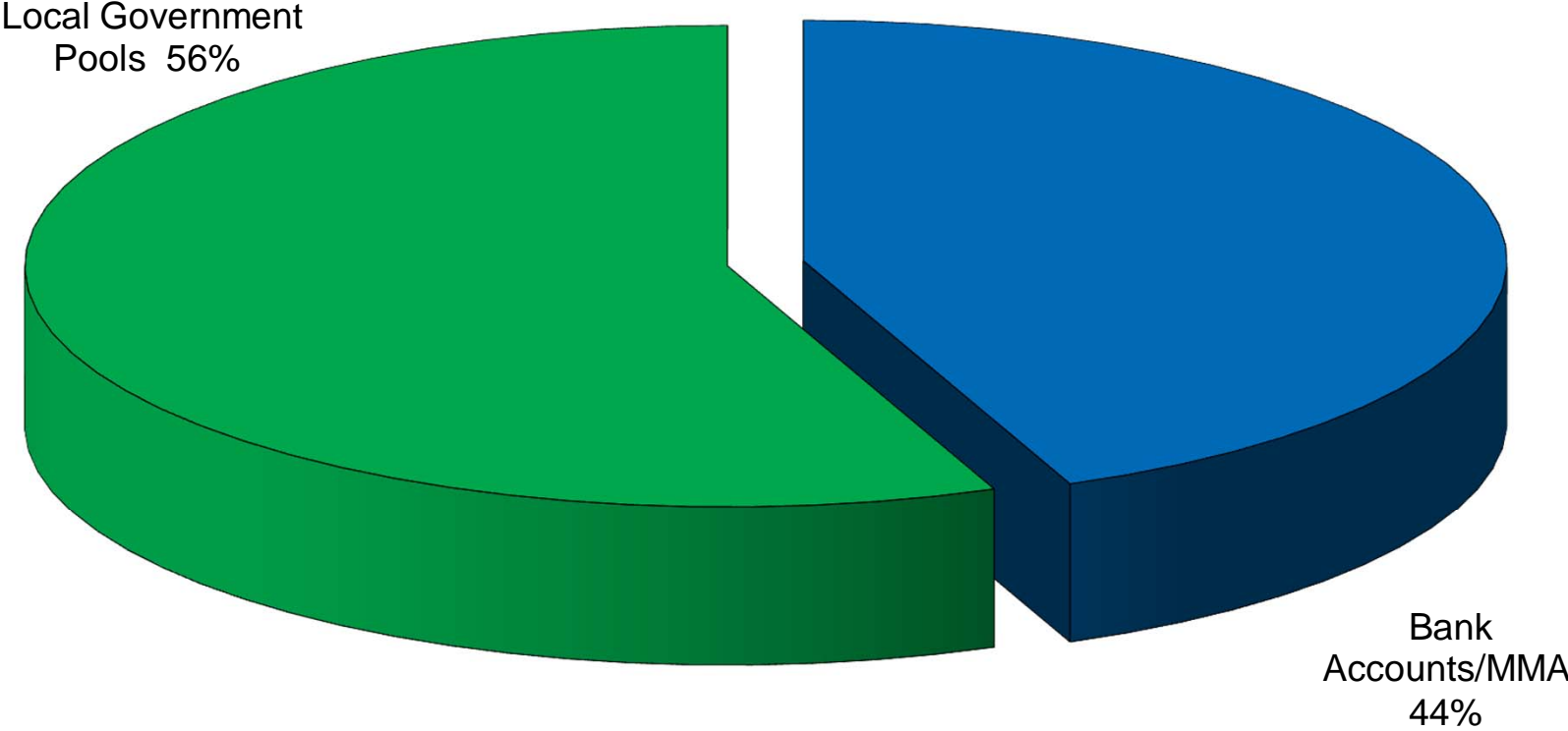
Detail of Investment Holdings December 31, 2012

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB		0.50%	01/01/2013	12/31/2012	\$ 6,626,486.83	\$ 6,626,486.83	1.00	\$ 6,626,486.83	1	0.50%
Southside Bank MMA		0.36%	01/01/2013	12/31/2012	5,261,232.58	5,261,232.58	1.00	5,261,232.58	1	0.36%
TexPool	AAAm	0.15%	01/01/2013	12/31/2012	15,246,296.44	15,246,296.44	1.00	15,246,296.44	1	0.15%
					\$ 27,134,015.85	\$ 27,134,015.85		\$ 27,134,015.85	1	0.28%
									(1)	(2)

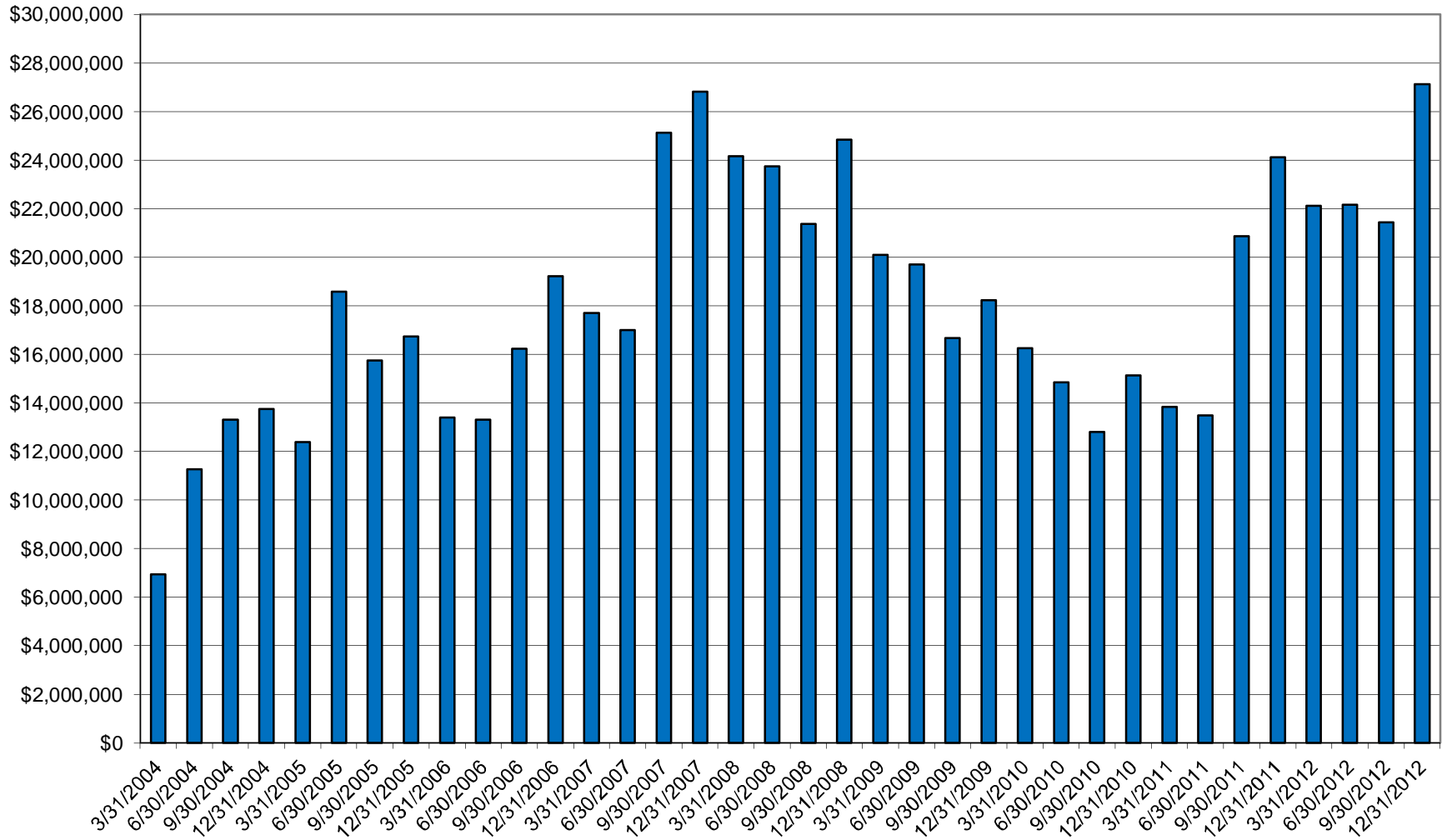
(1) Weighted average life - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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, 2012		Purchases at Cost	Sales/ Maturities	December 31, 2012	
				Original Face\ Par Value	Book Value			Original Face\ Par Value	Book Value
FCB	0.50%	01/01/2013	12/31/2012	\$ 6,762,929.68	\$ 6,762,929.68	\$ -	\$ (136,442.85)	\$ 6,626,486.83	\$ 6,626,486.83
Southside Bank MMA	0.36%	01/01/2013	12/31/2012	\$ 5,006,579.69	\$ 5,006,579.69	254,652.89		5,261,232.58	5,261,232.58
TexPool	0.15%	01/01/2013	12/31/2012	9,666,436.73	9,666,436.73	5,579,859.71		15,246,296.44	15,246,296.44
TOTAL				\$ 21,435,946.10	\$ 21,435,946.10	\$ 5,834,512.60	\$ (136,442.85)	\$ 27,134,015.85	\$ 27,134,015.85

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2012			Qtr-to-Qtr Change	December 31, 2012		
			Original Face\ Par Value	Market Price	Market Value		Original Face\ Par Value	Market Price	Market Value
FCB	0.50%	01/01/2013	\$ 6,762,929.68	1.00	\$ 6,762,929.68	\$ (136,442.85)	\$ 6,626,486.83	1.00	\$ 6,626,486.83
Southside Bank MMA	0.36%	01/01/2013	\$ 5,006,579.69	1.00	\$ 5,006,579.69	254,652.89	5,261,232.58	1.00	5,261,232.58
TexPool	0.15%	01/01/2013	9,666,436.73	1.00	9,666,436.73	5,579,859.71	15,246,296.44	1.00	15,246,296.44
TOTAL			\$ 21,435,946.10		\$ 21,435,946.10	\$ 5,698,069.75	\$ 27,134,015.85		\$ 27,134,015.85

Fund Allocation
Book & Market Value
December 31, 2012

	<u>Book Value</u> <u>Fund Total</u>	<u>FCB</u> <u>Account</u>	<u>Texpool</u>	<u>Southside Bank</u>
Consolidated/General	4,469,307.11	1,075,838.94	2,391,551.64	1,001,916.53
Escrow	10,399.95	-	10,399.95	-
Utilites Cons./W & S	5,732,654.84	2,887,043.44	2,845,611.40	-
Payroll	181,196.12	181,196.12	-	-
W&S O & M Reserve	456,650.48	-	55,725.44	400,925.04
W&S R & R Reserve	428,522.22	-	27,597.18	400,925.04
W & S Debt Service Reserve	1,262,064.77	-	59,289.66	1,202,775.11
W & S Reserve Capital Imp	200,928.25	-	200,928.25	-
CO Project Fund	551,808.50	-	551,808.50	-
NADB Loan 2004	59,472.76	59,472.76	-	-
CO 2007 EDC Projects	1,707,436.38	-	1,707,436.38	-
CO Series 2011	6,195,792.35	-	4,191,167.10	2,004,625.25
CO Series 2012	2,950,311.72	-	2,950,311.72	-
Cons. Cash Grant CO	1,125.07	1,125.07	-	-
Police	2,179.98	2,179.98	-	-
Forfeiture Seizure Federal	186,741.15	186,741.15	-	-
Special Investigations Ckg	10,746.58	10,746.58	-	-
Special investigation Svgs	13,597.61	13,597.61	-	-
Veterans Memorial	21,659.19	21,659.19	-	-
Resaca Trails	417.21	417.21	-	-
Hotel/Motel Tax	117,723.84	117,723.84	-	-
Community Dev. Block Grant	-	-	-	-
GLO (TDRA) Disaster Recovery Grant	275,127.45	275,127.45	-	-
Fire Relief & Retirement Plan	296,403.58	296,403.58	-	-
Border Security	15,407.36	15,407.36	-	-
Emergency Management Funds	8,722.14	8,722.14	-	-
Sub-totals	25,156,396.61	5,153,402.42	14,991,827.22	5,011,166.97
EDC	1,976,554.19	1,472,019.36	254,469.22	250,065.61
EDC-SB CULTURAL HERITAGE TOURISM	1,065.05	1,065.05	-	-
Totals	27,134,015.85	6,626,486.83	15,246,296.44	5,261,232.58

Fund Allocation
Book & Market Value
September 30, 2012

	<u>Book Value</u> <u>Fund Total</u>	<u>FCB</u> <u>Account</u>	<u>Texpool</u>	<u>Southside Bank</u>
Consolidated/General	2,920,708.82	1,678,859.90	240,891.11	1,000,957.81
Reserve Street Imp	-	-	-	-
Escrow	10,395.78	-	10,395.78	-
Utilites Cons./W & S	4,874,625.38	2,455,100.82	2,419,524.56	-
Payroll	195,890.74	195,890.74	-	-
W&S O & M Reserve	456,265.46	-	55,703.26	400,562.20
W&S R & R Reserve	428,148.42	-	27,586.24	400,562.18
W & S Debt Service Reserve	1,260,952.67	-	59,266.13	1,201,686.54
W & S Reserve Capital Imp	200,848.46	-	200,848.46	-
Series 2003 CO	-	-	-	-
CO Project Fund	551,589.49	-	551,589.49	-
Series 2004 CO	-	-	-	-
NADB Loan 2004	59,397.87	59,397.87	-	-
CO 2005 Meter Replacement	-	-	-	-
CO 2007 EDC Projects	1,656,760.43	-	1,656,760.43	-
CO Series 2011	6,192,314.04	-	4,189,503.08	2,002,810.96
Cons. Cash Grant CO	1,123.66	1,123.66	-	-
Police	2,177.24	2,177.24	-	-
Forfeiture Seizure Federal	211,693.91	211,693.91	-	-
Special Investigations Ckg	10,395.56	10,395.56	-	-
Special investigation Svgs	14,033.32	14,033.32	-	-
Water Transition Assistance	-	-	-	-
Veterans Memorial	16,124.31	16,124.31	-	-
Resaca Trails	416.69	416.69	-	-
Hotel/Motel Tax	110,899.98	110,899.98	-	-
Home Program	-	-	-	-
Community Dev. Block Grant	21,582.96	21,582.96	-	-
Fire Relief & Retirement Plan	321,186.97	321,186.97	-	-
Border Security	10,014.44	10,014.44	-	-
Emergency Management Funds	4,452.40	4,452.40	-	-
Home Rehab Program	-	-	-	-
Sub-totals	19,531,999.00	5,113,350.77	9,412,068.54	5,006,579.69
EDC	1,902,883.39	1,648,515.20	254,368.19	-
EDC-SB CULTURAL HERITAGE TOURISM	1,063.71	1,063.71	-	-
Totals	21,435,946.10	6,762,929.68	9,666,436.73	5,006,579.69