

City of San Benito

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2013

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). The FOMC continued monthly easing operations with the objectives of unemployment below 6.5% and inflation less than 2.0%. The Federal budget, deficit and debt ceiling are in various stages of temporary resolution. The European credit crisis gained headlines as Cyprus nearly collapsed. Domestic employment growth is erratic but modestly positive. Overall economic activity remains low to moderate. The US stock markets reached new highs. 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>March 31, 2013</u>		<u>December 31, 2012</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Bank Accounts/MMA	0.39%	\$ 11,978,263	\$ 11,978,263	\$ 11,887,719	\$ 11,887,719
Local Government Pools	0.10%	13,189,791	13,189,791	15,246,296	15,246,296
CDs/Securities		-	-	-	-
Totals		\$ 25,168,054	\$ 25,168,054	\$ 27,134,016	\$ 27,134,016

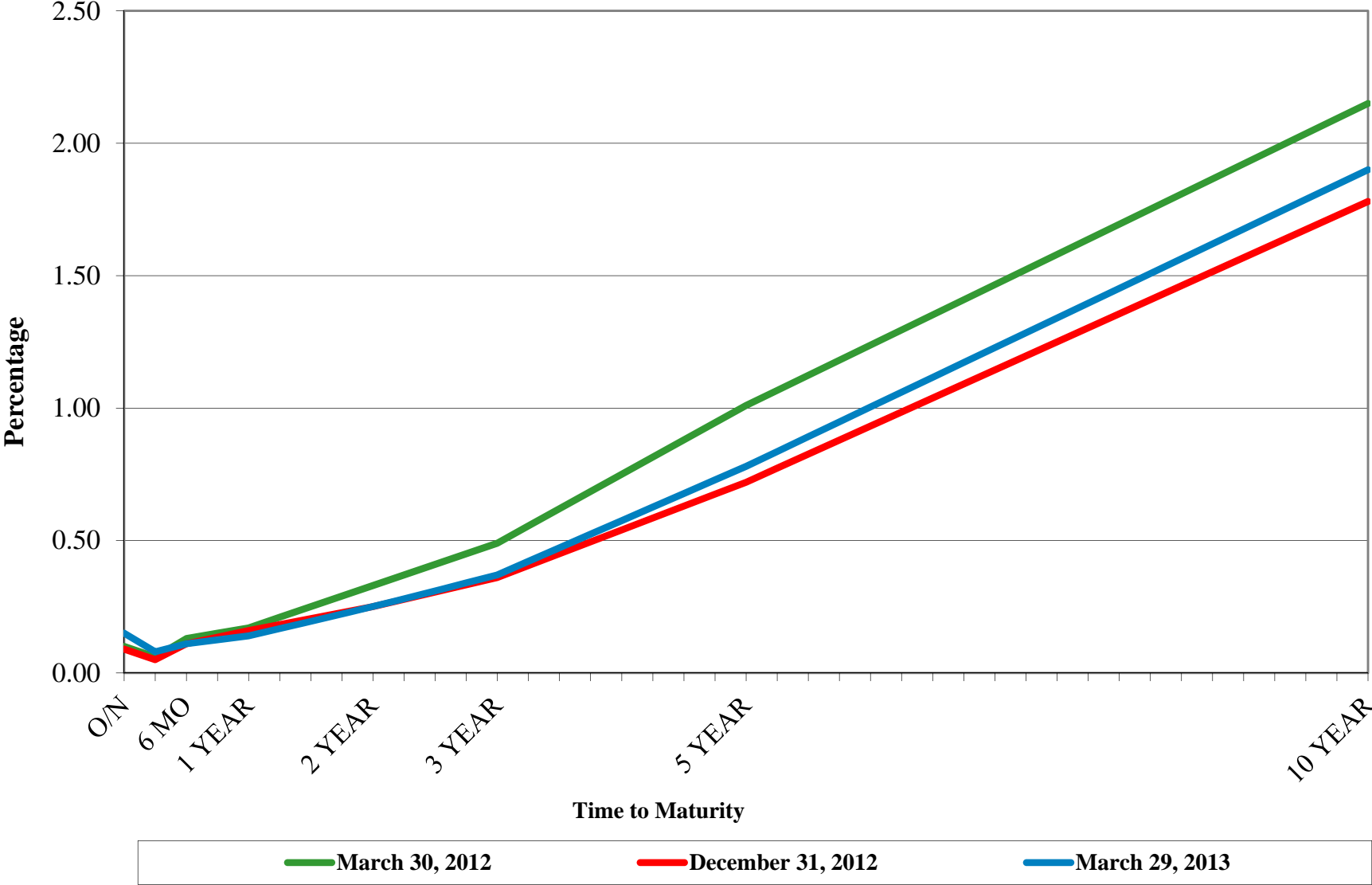
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.24%	Total Portfolio	0.26%
Rolling Three Mo. Treas. Yield	0.09%	Rolling Three Mo. Treas. Yield	0.09%
Rolling Six Mo. Treas. Yield	0.13%	Rolling Six Mo. Treas. Yield	0.13%
		Quarterly TexPool Yield	0.13%

Quarterly Interest Income	\$ 15,305
YTD Interest Income	\$ 34,142

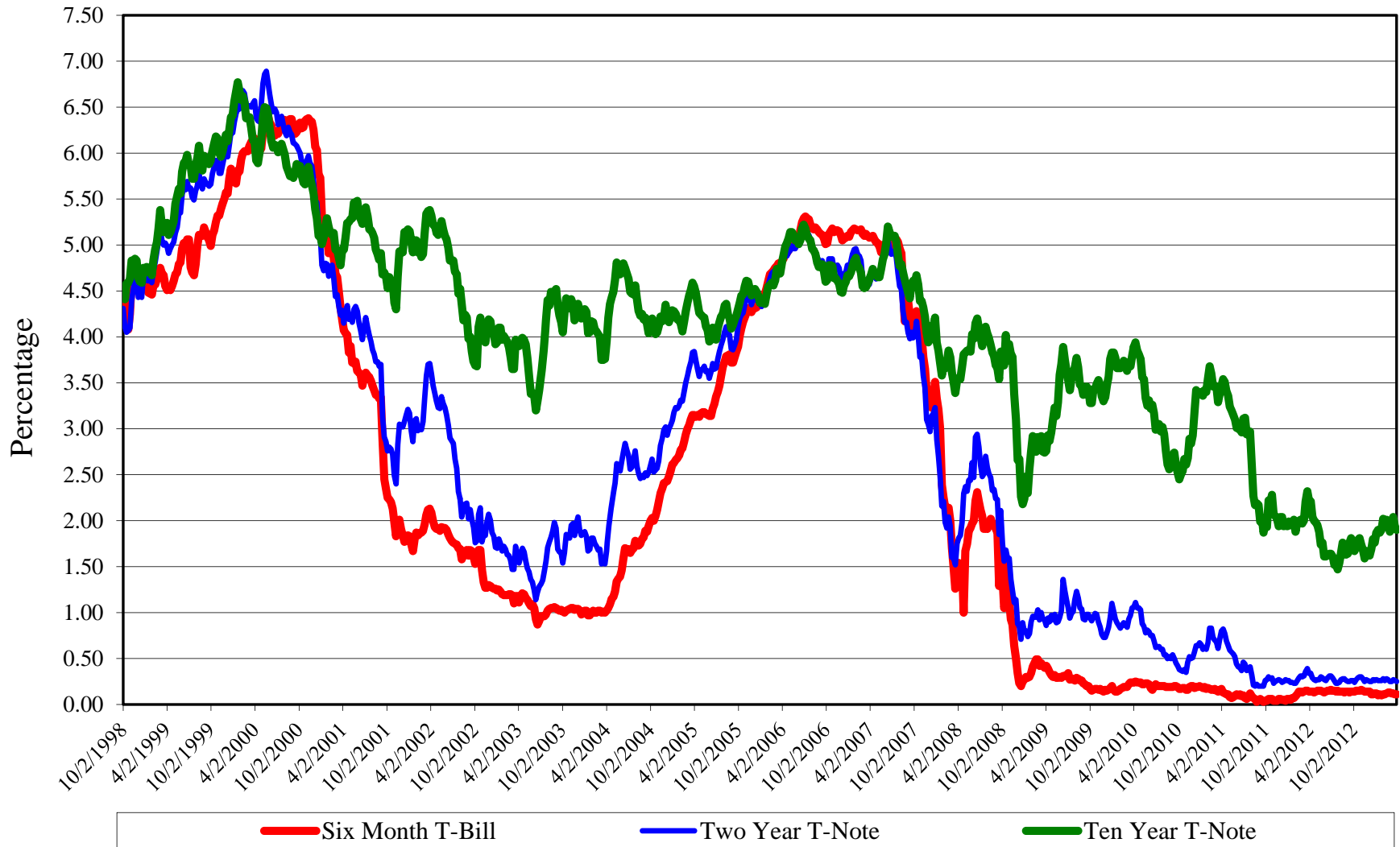
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

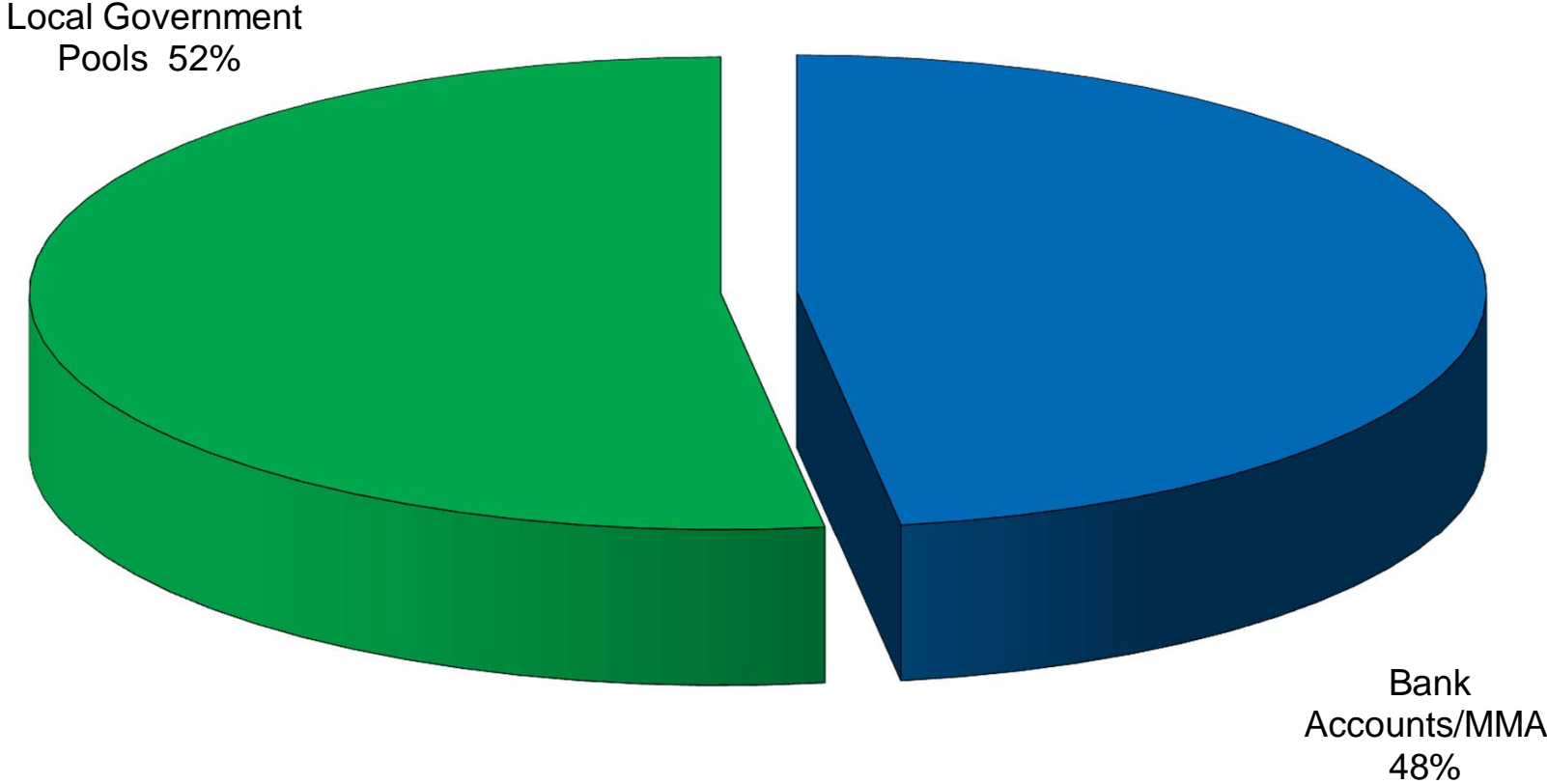
March 31, 2013

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB		0.50%	04/01/2013	03/31/2013	\$ 6,713,361	\$ 6,713,361	1.00	\$ 6,713,361	1	0.50%
Southside Bank MMA		0.26%	04/01/2013	03/31/2013	5,264,902	5,264,902	1.00	5,264,902	1	0.26%
TexPool	AAAm	0.10%	04/01/2013	03/31/2013	13,189,791	13,189,791	1.00	13,189,791	1	0.10%
					\$ 25,168,054	\$ 25,168,054		\$ 25,168,054	1	0.24%
									(1)	(2)

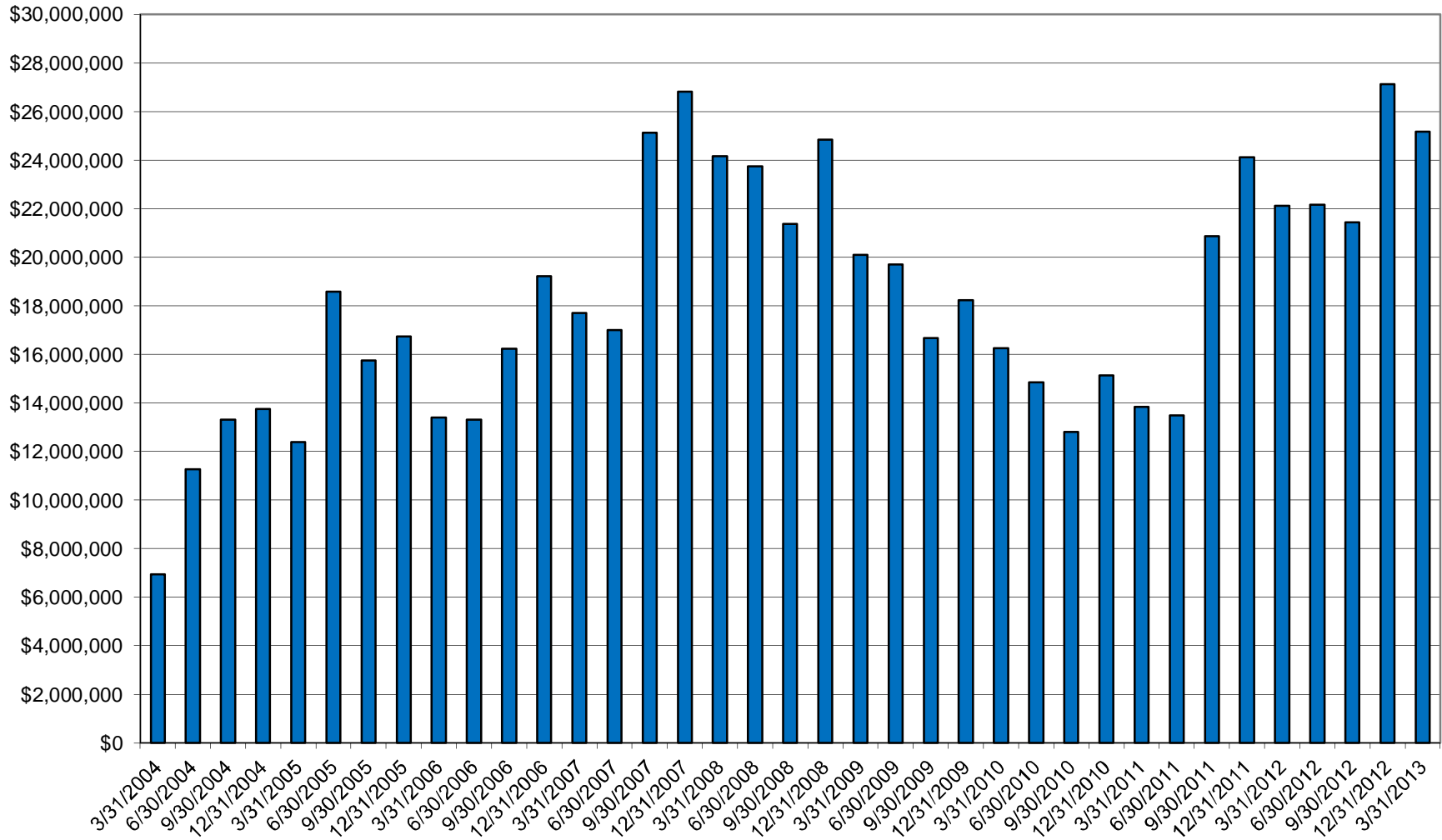
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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	December 31, 2012			March 31, 2013		
				Original Face\ Par Value	Book Value	Purchases at Cost	Sales/ Maturities	Original Face\ Par Value	Book Value
FCB	0.50%	04/01/2013	3/31/2013	\$ 6,626,487	\$ 6,626,487	\$ 86,874	\$ -	\$ 6,713,361	\$ 6,713,361
Southside Bank MMA	0.26%	04/01/2013	3/31/2013	5,261,233	5,261,233	3,669		5,264,902	5,264,902
TexPool	0.10%	04/01/2013	3/31/2013	15,246,296	15,246,296		(2,056,505)	13,189,791	13,189,791
TOTAL				\$ 27,134,016	\$ 27,134,016	\$ 90,543	\$ (2,056,505)	\$ 25,168,054	\$ 25,168,054

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2012			Qtr-to-Qtr Change	March 31, 2013		
			Original Face\ Par Value	Market Price	Market Value		Original Face\ Par Value	Market Price	Market Value
FCB	0.50%	04/01/2013	\$ 6,626,487	1.00	\$ 6,626,486.83	\$ 86,873.79	\$ 6,713,360.62	1.00	\$ 6,713,360.62
Southside Bank MMA	0.26%	04/01/2013	5,261,233	1.00	5,261,233	3,669	5,264,902	1.00	5,264,902
TexPool	0.10%	04/01/2013	15,246,296	1.00	15,246,296	(2,056,505)	13,189,791	1.00	13,189,791
TOTAL			\$ 27,134,016		\$ 27,134,016	\$ (1,965,962)	\$ 25,168,054		\$ 25,168,054

Fund Allocation
Book & Market Value
March 31, 2013

	<u>Book Value</u> <u>Fund Total</u>	<u>FCB</u> <u>Account</u>	<u>Southside Bank</u>	<u>Texpool</u>
Consolidated/General	\$ 4,708,451	\$ 1,719,557	\$ 1,002,876	\$ 1,986,018
Escrow	10,402	-	-	10,402
Utilites Cons./W & S	4,261,673	2,930,541	-	1,331,131
Payroll	115,822	115,822	-	-
W&S O & M Reserve	456,919	-	401,180	55,739
W&S R & R Reserve	428,784	-	401,180	27,604
W & S Debt Service Reserve	1,262,845	-	1,203,540	59,304
W & S Reserve Capital Imp	200,977	-	-	200,977
CO Project Fund	462,996	-	-	462,996
NADB Loan 2004	46,047	46,047	-	-
CO 2007 EDC Projects	1,707,854	-	-	1,707,854
CO Series 2011	6,198,092	-	2,005,901	4,192,191
CO Series 2012	2,951,033	-	-	2,951,033
Cons. Cash Grant CO	1,126	1,126	-	-
Police	1,719	1,719	-	-
Forfeiture Seizure Federal	202,265	202,265	-	-
Special Investigations Ckg	9,900	9,900	-	-
Special investigation Svgs	13,201	13,201	-	-
Veterans Memorial	16,484	16,484	-	-
Resaca Trails	418	418	-	-
Hotel/Motel Tax	135,475	135,475	-	-
Community Dev. Block Grant	-	-	-	-
GLO (TDRA) Disaster Recovery Grant	98	98	-	-
Fire Relief & Retirement Plan	309,874	309,874	-	-
Border Security	15,426	15,426	-	-
Emergency Management Funds	9,143	9,143	-	-
Sub-totals	\$ 23,527,025	\$ 5,527,097	\$ 5,014,677	\$ 12,985,250
EDC	1,639,963	1,185,197	250,225	204,541
EDC-SB Cultural Heritage Tourism	1,066	1,066	-	-
Totals	\$ 25,168,054	\$ 6,713,361	\$ 5,264,902	\$ 13,189,791

**Book & Market Value
December 31, 2012**

	Book Value Fund Total	FCB Account	Southside Bank	Texpool
Consolidated/General	\$ 4,469,307	\$ 1,075,839	\$ 1,001,917	\$ 2,391,552
Escrow	10,400	-	-	10,400
Utilites Cons./W & S	5,732,655	2,887,043	-	2,845,611
Payroll	181,196	181,196	-	-
W&S O & M Reserve	456,650	-	400,925	55,725
W&S R & R Reserve	428,522	-	400,925	27,597
W & S Debt Service Reserve	1,262,065	-	1,202,775	59,290
W & S Reserve Capital Imp	200,928	-	-	200,928
CO Project Fund	551,809	-	-	551,809
NADB Loan 2004	59,473	59,473	-	-
CO 2007 EDC Projects	1,707,436	-	-	1,707,436
CO Series 2011	6,195,792	-	2,004,625	4,191,167
CO Series 2012	2,950,312	-	-	2,950,312
Cons. Cash Grant CO	1,125	1,125	-	-
Police	2,180	2,180	-	-
Forfeiture Seizure Federal	186,741	186,741	-	-
Special Investigations Ckg	10,747	10,747	-	-
Special investigation Svgs	13,598	13,598	-	-
Veterans Memorial	21,659	21,659	-	-
Resaca Trails	417	417	-	-
Hotel/Motel Tax	117,724	117,724	-	-
Community Dev. Block Grant	-	-	-	-
GLO (TDRA) Disaster Recovery Grant	275,127	275,127	-	-
Fire Relief & Retirement Plan	296,404	296,404	-	-
Border Security	15,407	15,407	-	-
Emergency Management Funds	8,722	8,722	-	-
Sub-totals	\$ 25,156,397	\$ 5,153,402	\$ 5,011,167	\$ 14,991,827
EDC	1,976,554	1,472,019	250,066	254,469
EDC-SB Cultural Heritage Tourism	1,065	1,065	-	-
Totals	\$ 27,134,016	\$ 6,626,487	\$ 5,261,233	\$ 15,246,296