

City of San Benito

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 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 traded +/-10 bps). The FOMC continued Quantitative Easing (QE3), targeting unemployment below 6.5% and inflation less than 2.5%, however they openly discussed the future plan to reduce the amount of easing. The markets reacted quickly with higher Treasury Yield Curve rates and a brief stock market sell-off. Subsequent public comments attempted to calm the fears and reduce the immediate market impact. Domestic and international economic activity remains low to moderate. US employment/unemployment data is a key focal point. 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>June 30, 2013</u>		<u>March 31, 2013</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Bank Accounts/MMA	0.37%	\$ 11,982,448	\$ 11,982,448	\$ 11,978,263	\$ 11,978,263
Local Government Pools	0.06%	13,045,080	13,045,080	13,189,791	13,189,791
CDs/Securities		-	-	-	-
Totals		\$ 25,027,528	\$ 25,027,528	\$ 25,168,054	\$ 25,168,054

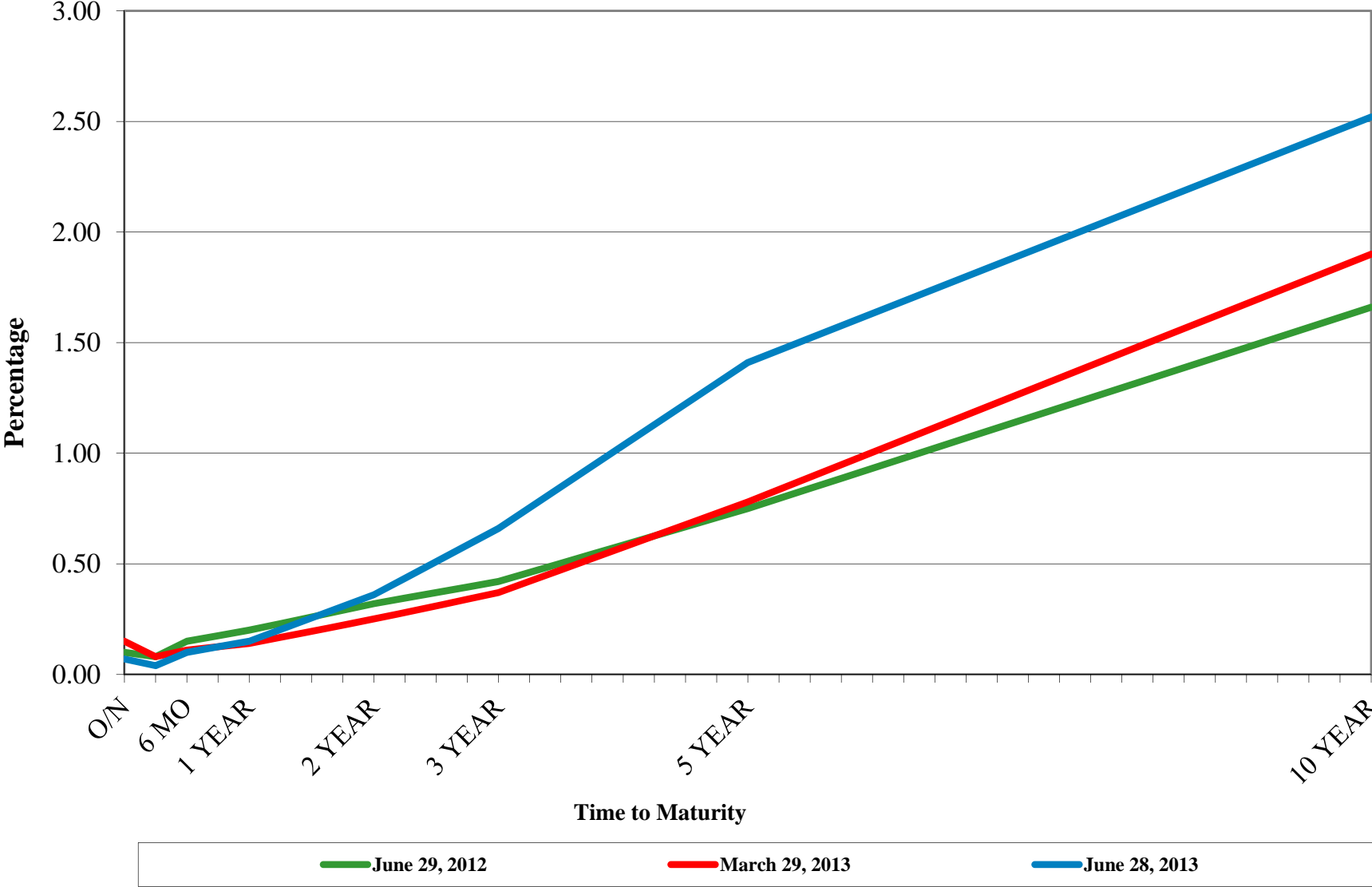
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.21%	Total Portfolio	0.26%
Rolling Three Mo. Treas. Yield	0.05%	Rolling Three Mo. Treas. Yield	0.08%
Rolling Six Mo. Treas. Yield	0.10%	Rolling Six Mo. Treas. Yield	0.12%
		Quarterly TexPool Yield	0.10%

Quarterly Interest Income	\$ 14,331
YTD Interest Income	\$ 48,473

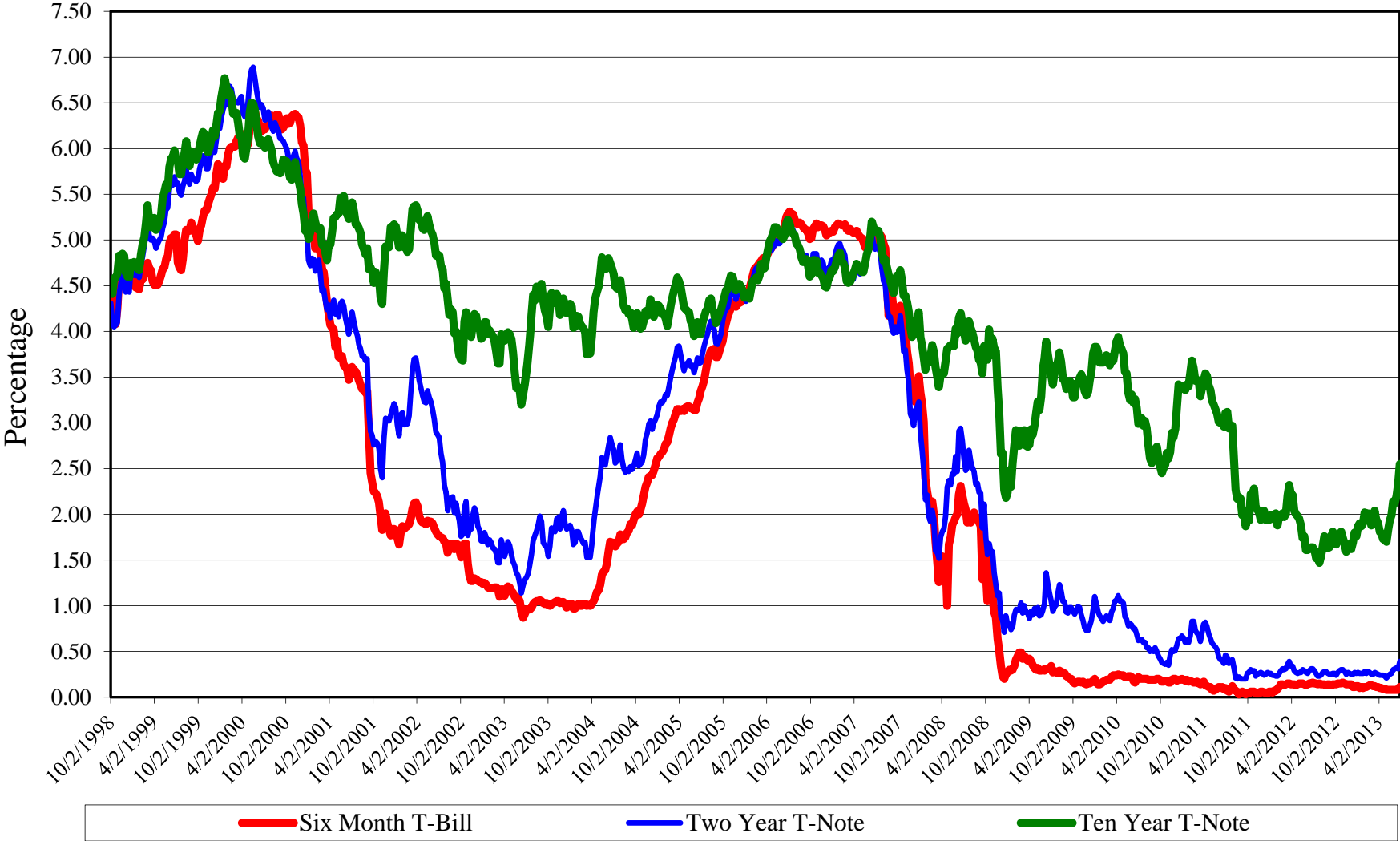
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

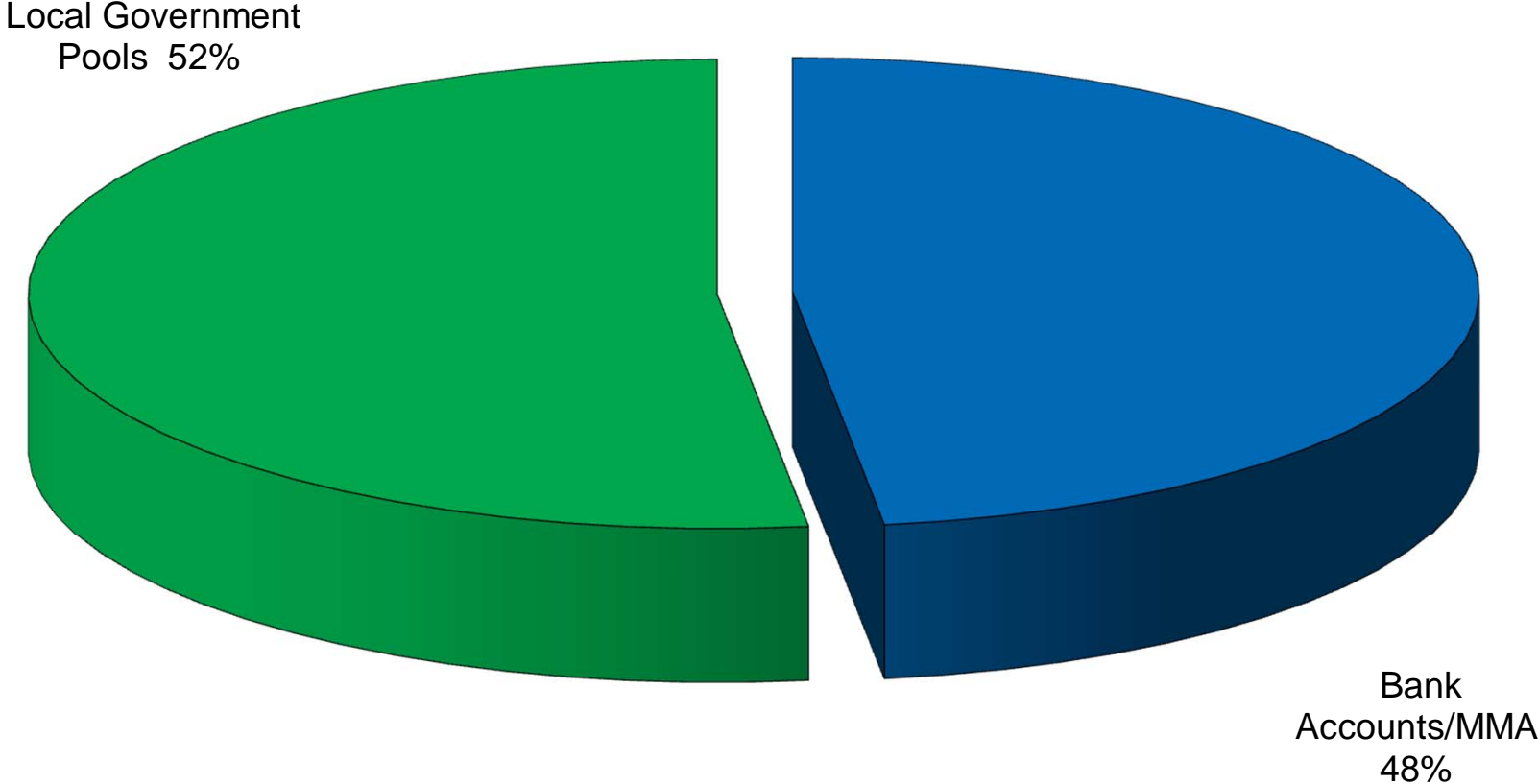
June 30, 2013

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB		0.50%	07/01/2013	06/30/2013	\$ 6,714,190	\$ 6,714,190	1.00	\$ 6,714,190	1	0.50%
Southside Bank MMA		0.21%	07/01/2013	06/30/2013	5,268,258	5,268,258	1.00	5,268,258	1	0.21%
TexPool	AAAm	0.06%	07/01/2013	06/30/2013	13,045,080	13,045,080	1.00	13,045,080	1	0.06%
					\$ 25,027,528	\$ 25,027,528		\$ 25,027,528	1	0.21%
									(1)	(2)

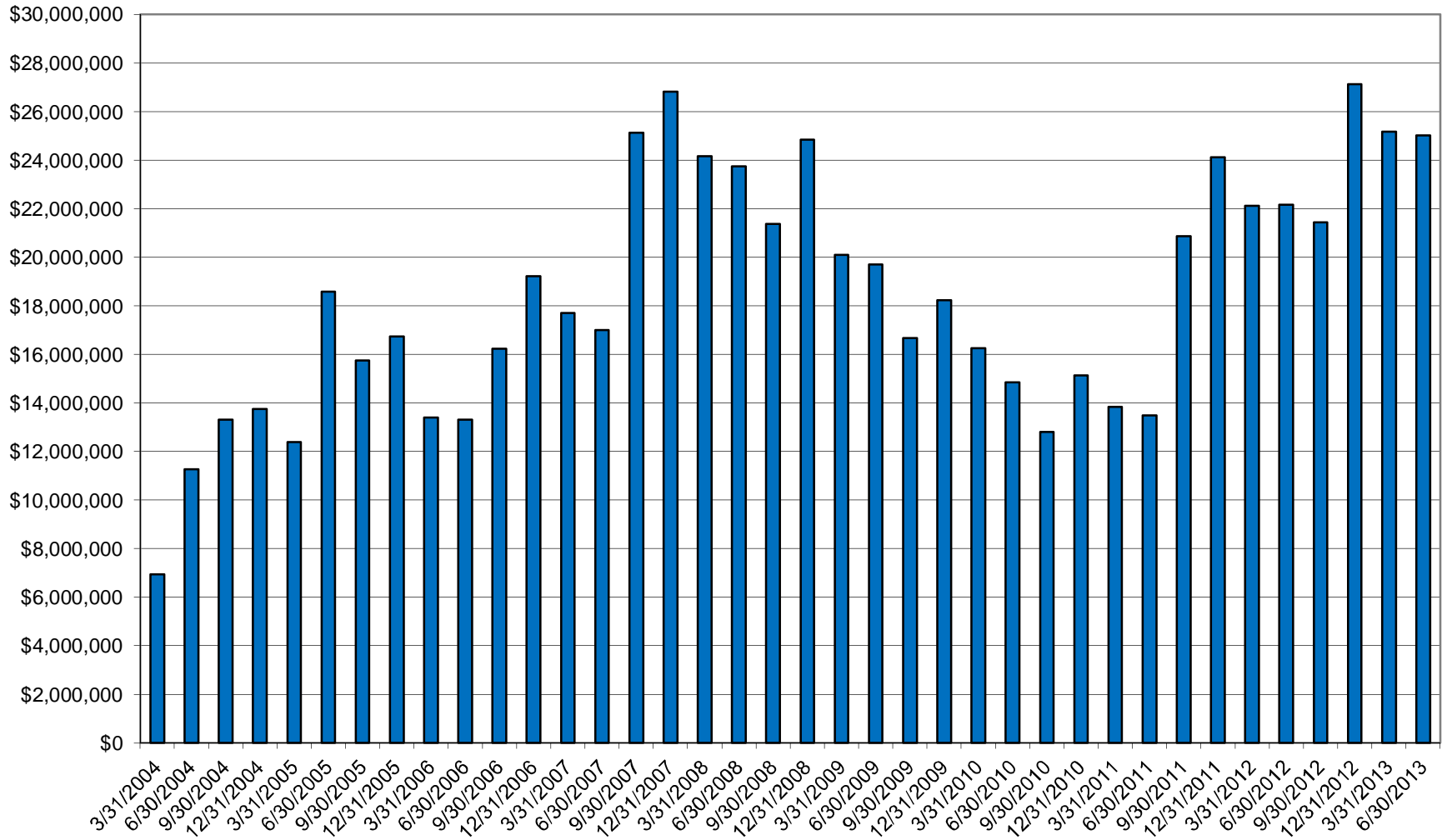
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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	March 31, 2013			June 30, 2013		
				Original Face\ Par Value	Book Value	Purchases at Cost	Sales/ Maturities	Original Face\ Par Value	Book Value
FCB	0.50%	07/01/2013	6/30/2013	\$ 6,713,361	\$ 6,713,361	\$ 829	\$ -	\$ 6,714,190	\$ 6,714,190
Southside Bank MMA	0.21%	07/01/2013	6/30/2013	5,264,902	5,264,902	3,356		5,268,258	5,268,258
TexPool	0.06%	07/01/2013	6/30/2013	13,189,791	13,189,791		(144,711)	13,045,080	13,045,080
TOTAL				\$ 25,168,054	\$ 25,168,054	\$ 4,185	\$ (144,711)	\$ 25,027,528	\$ 25,027,528

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2013			June 30, 2013			
			Original Face\ Par Value	Market Price	Market Value	Qtr-to-Qtr Change	Original Face\ Par Value	Market Price	Market Value
FCB	0.50%	07/01/2013	\$ 6,713,361	1.00	\$ 6,713,361	\$ 829	\$ 6,714,190	1.00	\$ 6,714,190
Southside Bank MMA	0.21%	07/01/2013	5,264,902	1.00	5,264,902	3,356	5,268,258	1.00	5,268,258
TexPool	0.06%	07/01/2013	13,189,791	1.00	13,189,791	(144,711)	13,045,080	1.00	13,045,080
TOTAL			\$ 25,168,054		\$ 25,168,054	\$ (140,526)	\$ 25,027,528		25,027,528

Fund Allocation

Book & Market Value

June 30, 2013

	<u>Book Value</u> <u>Fund Total</u>	<u>FCB</u> <u>Account</u>	<u>Texpool</u>	<u>Southside Bank</u>
Consolidated/General	3,637,932.65	1,337,744.51	1,296,382.72	1,003,805.42
Escrow	10,404.53	-	10,404.53	-
Utilites Cons./W & S	5,231,187.26	3,244,779.58	1,986,407.68	-
Payroll	132,154.49	132,154.49	-	-
W&S O & M Reserve	457,158.19	-	55,749.71	401,408.48
W&S R & R Reserve	429,017.76	-	27,609.26	401,408.50
W & S Debt Service Reserve	1,263,541.16	-	59,315.66	1,204,225.50
W & S Reserve Capital Imp	201,015.98	-	201,015.98	-
CO Project Fund	463,084.84	-	463,084.84	-
NADB Loan 2004	44,421.49	44,421.49	-	-
CO 2007 EDC Projects	1,708,181.87	-	1,708,181.87	-
CO Series 2011	6,071,206.23	-	4,064,163.67	2,007,042.56
CO Series 2012	2,793,180.21	-	2,793,180.21	-
Cons. Cash Grant CO	1,127.87	1,127.87	-	-
Police	1,721.29	1,721.29	-	-
Forfeiture Seizure Federal	189,892.26	189,892.26	-	-
Special Investigations Ckg	11,252.14	11,252.14	-	-
Special investigation Svgs	11,551.61	11,551.61	-	-
Veterans Memorial	19,805.21	19,805.21	-	-
Resaca Trails	418.25	418.25	-	-
Hotel/Motel Tax	146,515.63	146,515.63	-	-
Community Dev. Block Grant	531.35	531.35	-	-
Fire Relief & Retirement Plan	348,226.90	348,226.90	-	-
Border Security	15,445.60	15,445.60	-	-
Emergency Management Funds	25,016.54	25,016.54	-	-
Sub-totals	<u>23,213,991.31</u>	<u>5,530,604.72</u>	<u>12,665,496.13</u>	<u>5,017,890.46</u>
EDC	1,812,468.66	1,182,517.49	379,584.02	250,367.15
EDC-SB CULTURAL HERITAGE TOURISM	1,067.70	1,067.70	-	-
Totals	<u><u>25,027,527.67</u></u>	<u><u>6,714,189.91</u></u>	<u><u>13,045,080.15</u></u>	<u><u>5,268,257.61</u></u>

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
Utiltites 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