



INVESTMENT REPORT

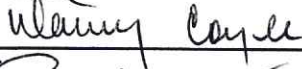
For the Period Ended
March 31, 2014

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.

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). In December, the FOMC began tapering the Quantitative Easing (QE3) program. The monthly purchase amount has been decreased three times (\$10 billion each time) to \$55 billion. A continued, orderly tapering is anticipated as long as economic activity remains moderately positive. Fourth quarter 2013 GDP was revised lower to +2.4% from its earlier estimate of +3.2%. Employment data remains positive, but modest and inconsistent. The US stock markets touched new highs. Financial institution deposit yields generally provide the best interest earnings opportunity, although spreads to security yields have tightened.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>March 31, 2014</u>		<u>December 31, 2013</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Bank Accounts/MMA	0.23%	\$ 13,092,539	\$ 13,092,539	\$ 11,205,924	\$ 11,205,924
Local Government Pools	0.03%	12,560,308	12,560,308	15,580,911	15,580,911
CDs/Securities	0.26%	1,005,932	1,005,932	1,005,223	1,005,223
Totals		\$ 26,658,780	\$ 26,658,780	\$ 27,792,058	\$ 27,792,058

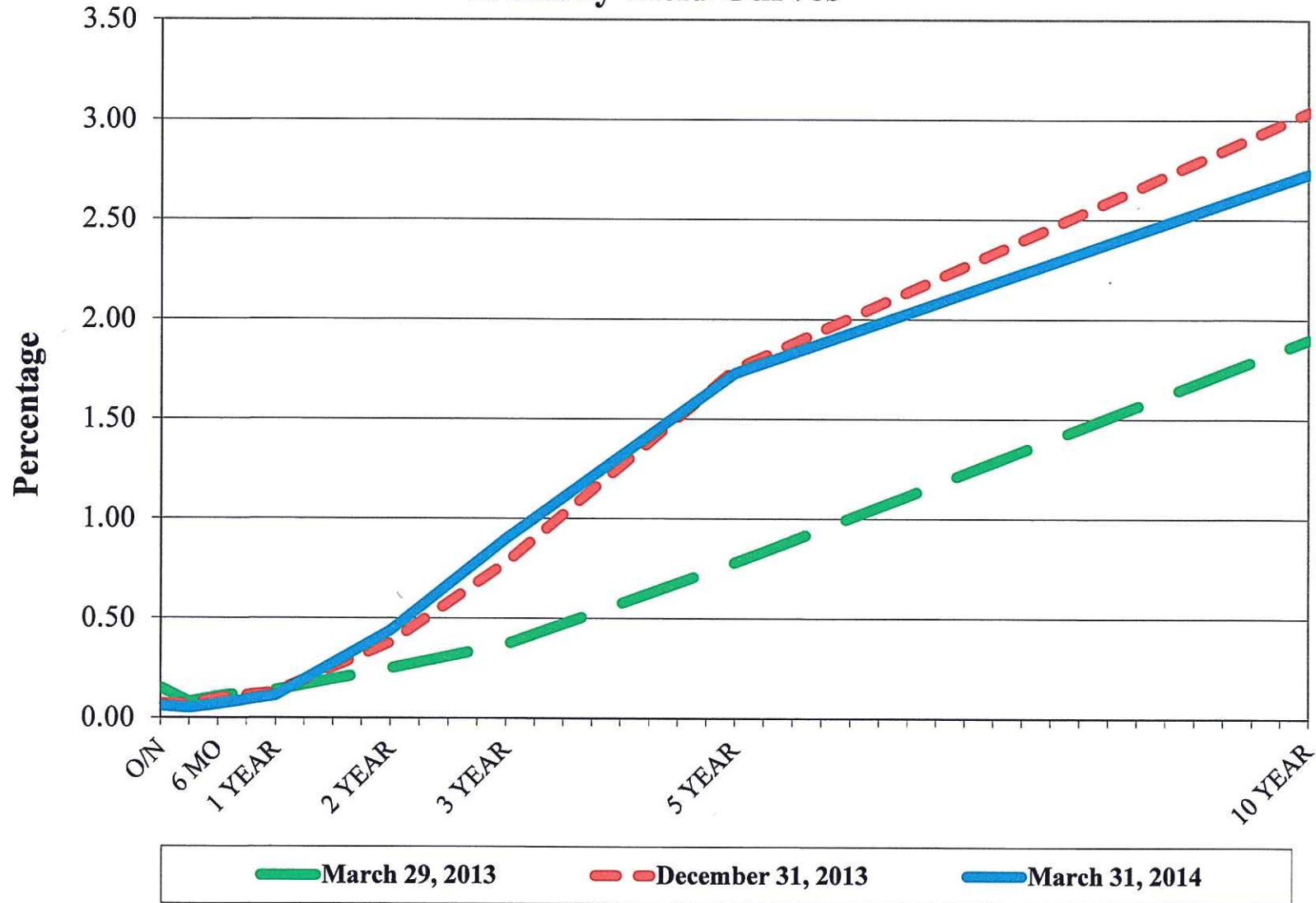
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.14%	Total Portfolio	0.16%
Rolling Three Mo. Treas. Yield	0.05%	Rolling Three Mo. Treas. Yield	0.06%
Rolling Six Mo. Treas. Yield	0.08%	Rolling Six Mo. Treas. Yield	0.08%
		Quarterly TexPool Yield	0.03%

Quarterly Interest Income	\$ 8,113
YTD Interest Income	\$ 16,692

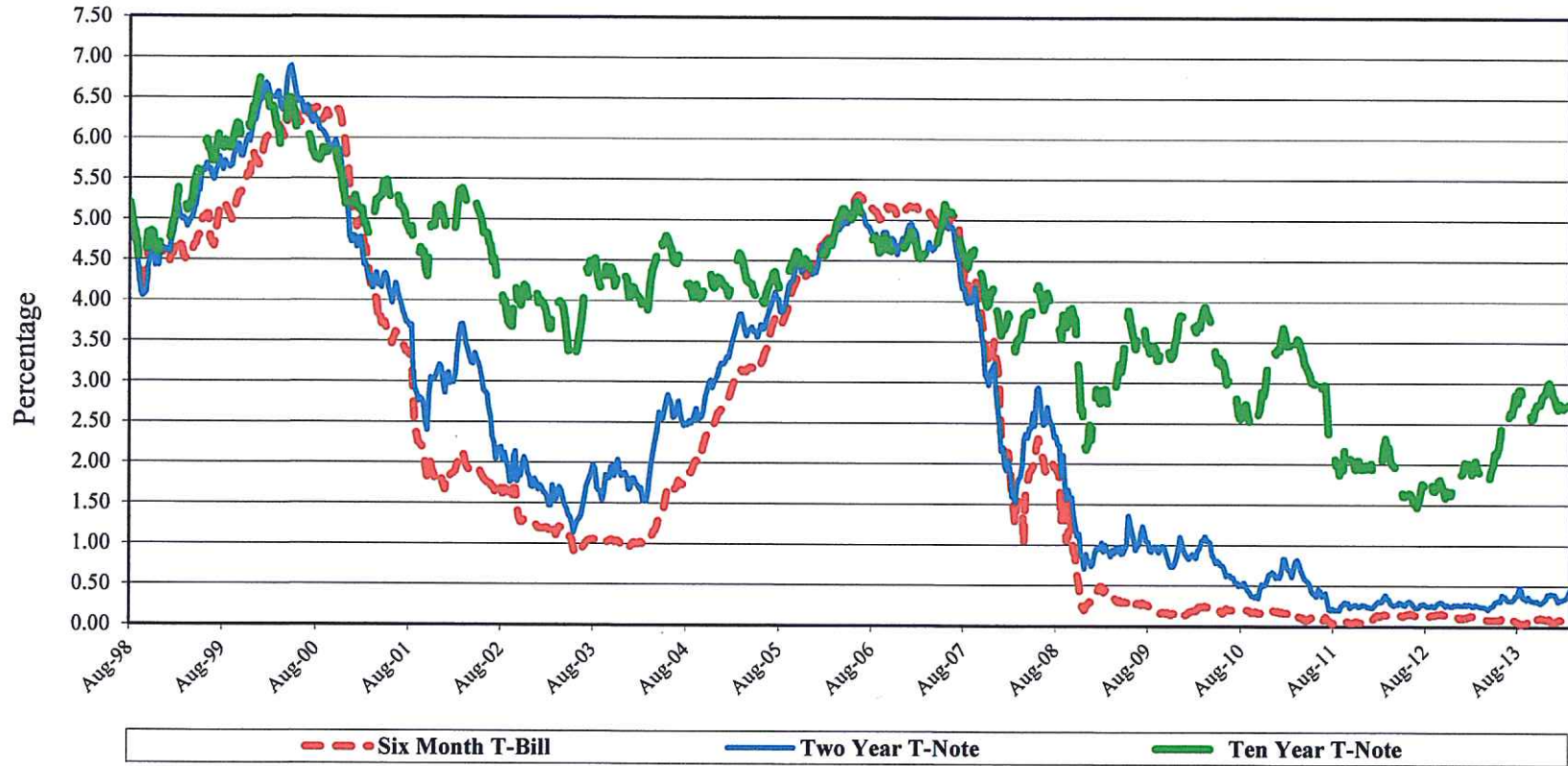
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

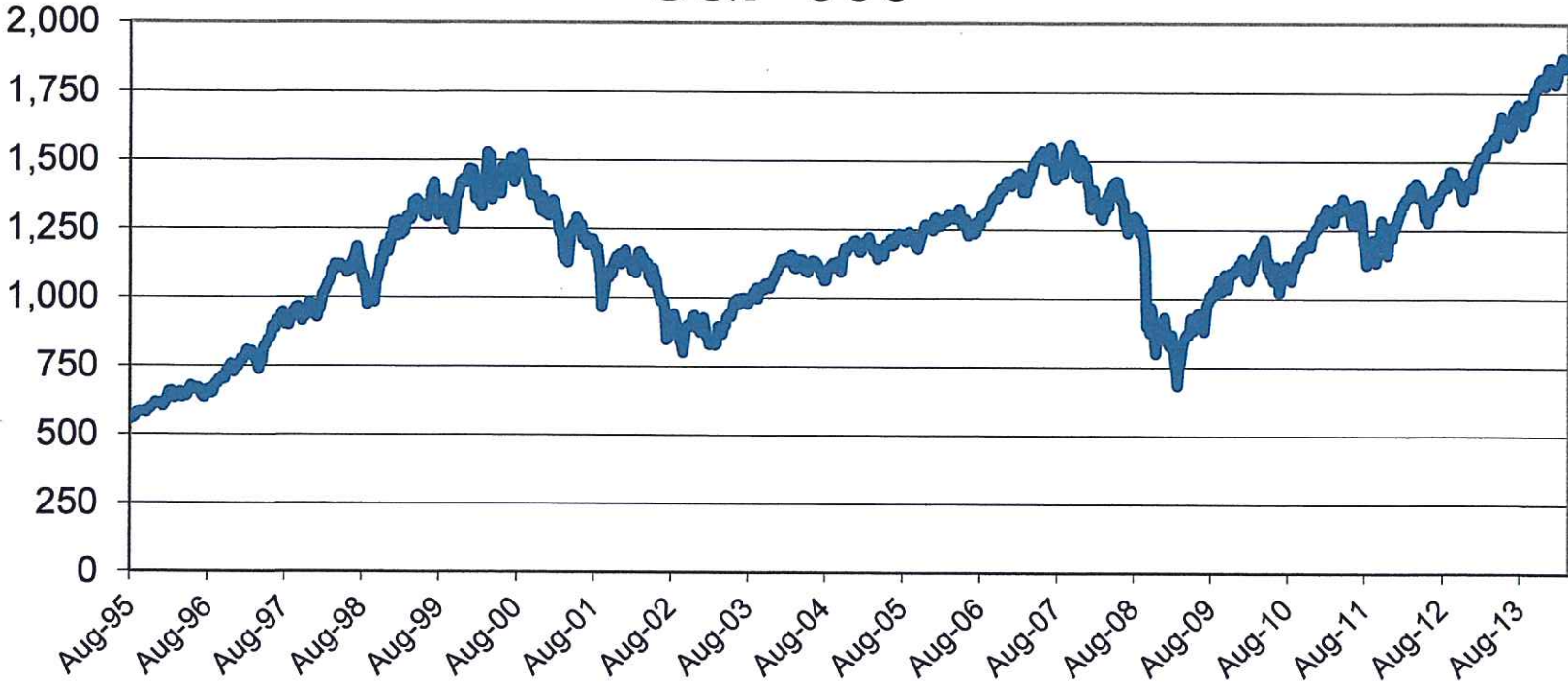
Treasury Yield Curves



US Treasury Historical Yields



S&P 500



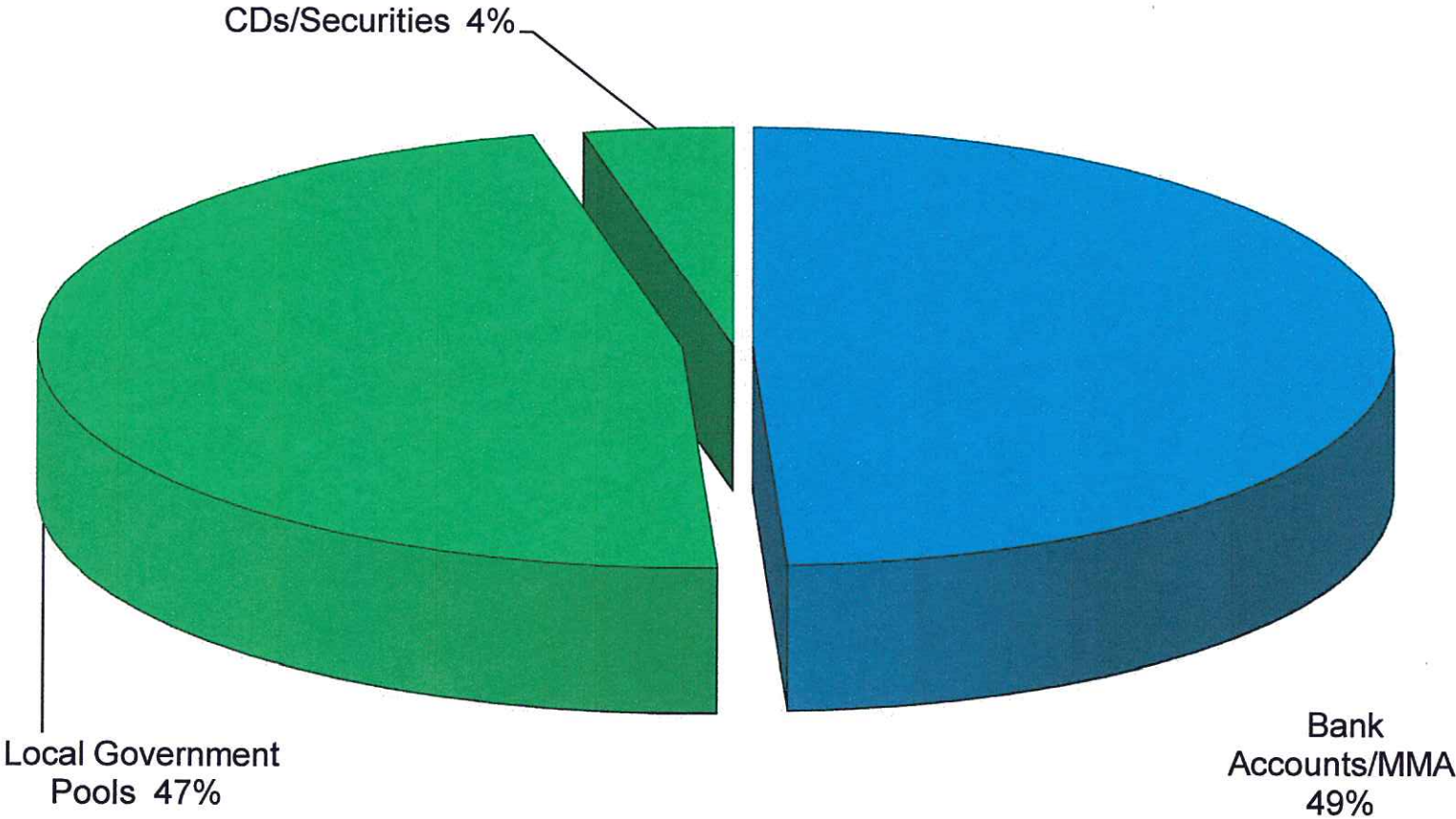
Detail of Investment Holdings March 31, 2014

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB		0.25%	04/01/2014	03/31/2014	\$ 8,822,000	\$ 8,822,000	1.00	\$ 8,822,000	1	0.25%
Southside Bank MMA		0.18%	04/01/2014	03/31/2014	4,270,539	4,270,539	1.00	4,270,539	1	0.18%
TexPool	AAAm	0.03%	04/01/2014	03/31/2014	12,560,308	12,560,308	1.00	12,560,308	1	0.03%
Southside Bank CD		0.26%	5/2/2014	5/2/2013	1,005,932	1,005,932	1.00	1,005,932	32	0.26%
					\$ 26,658,780	\$ 26,658,780		\$ 26,658,780	2	0.14%
									(1)	(2)

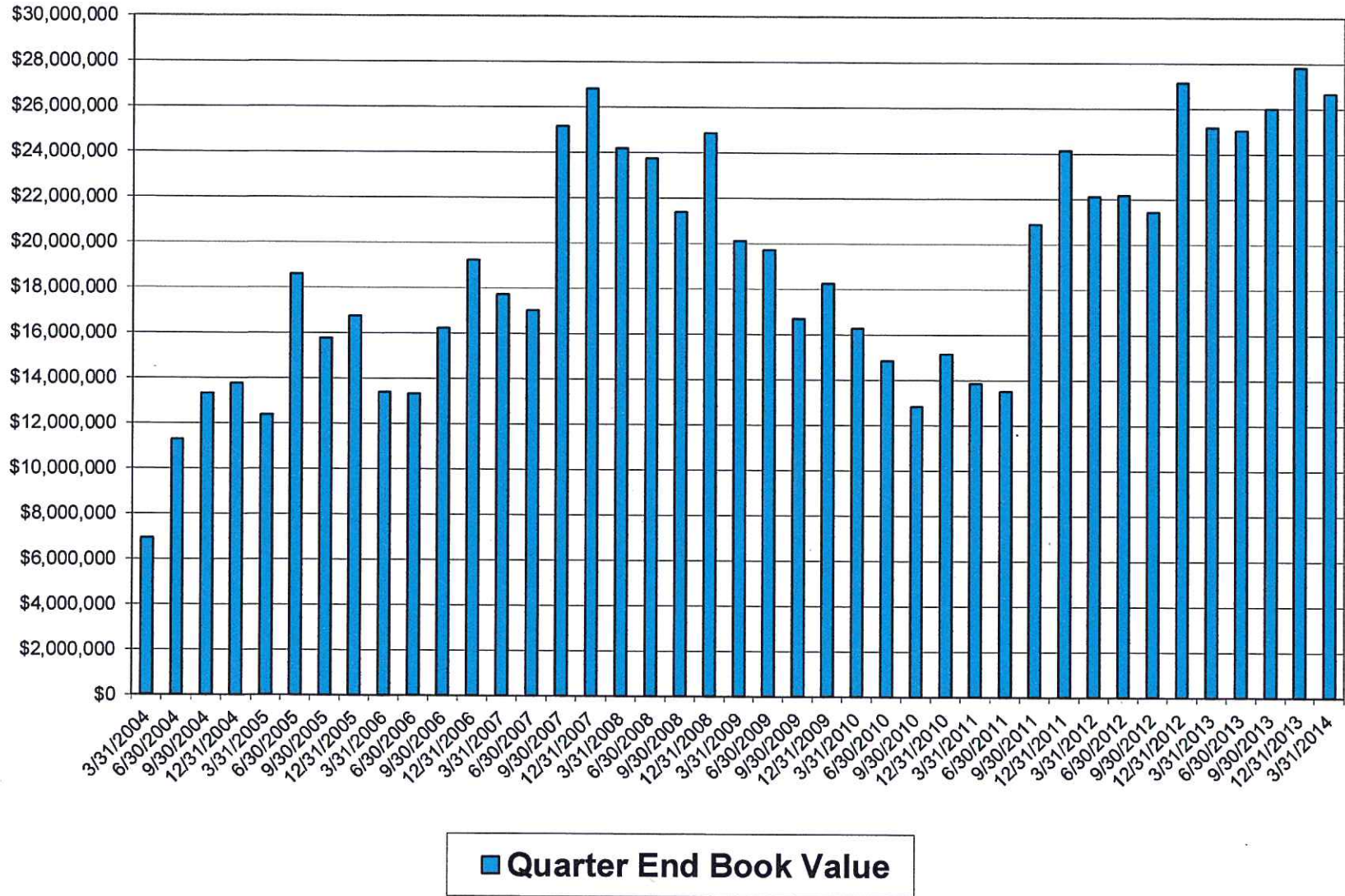
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	Settlement Date	December 31, 2013		Purchases at Cost	Sales/ Maturities	March 31, 2014	
				Original Face\ Par Value	Book Value			Original Face\ Par Value	Book Value
FCB	0.25%	04/01/2014	3/31/2014	\$ 6,937,264	\$ 6,937,264	\$ 1,884,736	\$ -	\$ 8,822,000	\$ 8,822,000
Southside Bank MMA	0.18%	04/01/2014	3/31/2014	4,268,661	4,268,661	1,879		4,270,539	4,270,539
TexPool	0.03%	04/01/2014	3/31/2014	15,580,911	15,580,911		(3,020,603)	12,560,308	12,560,308
Southside Bank CD	0.26%	05/02/2014	5/2/2013	1,005,223	1,005,223	709		1,005,932	1,005,932
TOTAL				\$ 27,792,058	\$ 27,792,058	\$ 1,887,324	\$ (3,020,603)	\$ 26,658,780	\$ 26,658,780

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2013			Qtr-to-Qtr Change	March 31, 2014		
			Original Face\ Par Value	Market Price	Market Value		Original Face\ Par Value	Market Price	Market Value
FCB	0.25%	04/01/2014	\$ 6,937,264	1.00	\$ 6,937,264	\$ 1,884,736	\$ 8,822,000	1.00	\$ 8,822,000
Southside Bank MMA	0.18%	04/01/2014	4,268,661	1.00	4,268,661	1,879	4,270,539	1.00	4,270,539
TexPool	0.03%	04/01/2014	15,580,911	1.00	15,580,911	(3,020,603)	12,560,308	1.00	12,560,308
Southside Bank CD	0.26%	05/02/2014	1,005,223	100	1,005,223	709	1,005,932	100	1,005,932
TOTAL			\$ 27,792,058		\$ 27,792,058	\$ (1,133,278)	\$ 26,658,780		\$ 26,658,780

Fund Allocation
Book & Market Value
March 31, 2014

	Book Value	FCB			Southside Bank CD
	Fund Total	Account	Texpool	Southside Bank MMA	0.26 5/2/15
Consolidated/General	\$ 5,662,578	\$ 2,991,758	\$ 1,664,888	\$ -	\$ 1,005,932
Escrow	280,865	-	280,865	-	-
Utilites Cons./W & S	5,578,715	3,378,915	2,199,800	-	-
Payroll	75,319	75,319	-	-	-
W&S O & M Reserve	457,748	-	55,766	401,981	-
W&S R & R Reserve	429,599	-	27,617	401,981	-
W & S Debt Service Reserve	1,265,278	-	59,333	1,205,944	-
W & S Reserve Capital Imp	201,075	-	201,075	-	-
CO Project Fund	298,824	-	298,824	-	-
NADB Loan 2004	44,533	44,533	-	-	-
CO 2007 EDC Projects	1,708,687	-	1,708,687	-	-
CO Series 2011	5,363,469	-	3,353,562	2,009,907	-
CO Series 2012	2,530,205	-	2,530,205	-	-
Cons. Cash Grant CO	1,131	1,131	-	-	-
Police	3,654	3,654	-	-	-
Forfeiture Seizure Federal	221,889	221,889	-	-	-
Special Investigations Ckg	46,269	46,269	-	-	-
Special investigation Svgs	11,552	11,552	-	-	-
Veterans Memorial	19,991	19,991	-	-	-
Resaca Trails	419	419	-	-	-
Hotel/Motel Tax	190,011	190,011	-	-	-
Community Dev. Block Grant	841	841	-	-	-
DSRIP UTHSCSA	19,624	19,624	-	-	-
Fire Relief & Retirement Plan	399,609	399,609	-	-	-
Border Security	15,484	15,484	-	-	-
Emergency Management Funds	145,980	145,980	-	-	-
Revolving Loan	23,418	23,418	-	-	-
Local Match	74	74	-	-	-
TIRZ	153,179	153,179	-	-	-
Sub-totals	\$ 25,150,019	\$ 7,743,651	\$ 12,380,621	\$ 4,019,815	\$ 1,005,932
EDC	1,507,690	1,077,279	179,687	250,725	-
EDC-SB Cultural Heritage Program	1,070	1,070	-	-	-
Totals	\$ 26,658,780	\$ 8,822,000	\$ 12,560,308	\$ 4,270,539	\$ 1,005,932

Fund Allocation
Book & Market Value
December 31, 2013

	Book Value	FCB	Texpool	Southside Bank CD	
	Fund Total	Account		Southside Bank MMA	0.26 5/2/15
Consolidated/General	\$ 5,449,431	\$ 1,464,461	\$ 2,979,747	\$ -	\$ 1,005,223
Escrow	280,845	-	280,845	-	-
Utilites Cons./W & S	7,149,619	3,839,999	3,309,620	-	-
Payroll	102,903	102,903	-	-	-
W&S O & M Reserve	457,567	-	55,762	401,805	-
W&S R & R Reserve	429,420	-	27,616	401,805	-
W & S Debt Service Reserve	1,264,743	-	59,329	1,205,414	-
W & S Reserve Capital Imp	201,061	-	201,061	-	-
CO Project Fund	338,997	-	338,997	-	-
NADB Loan 2004	44,506	44,506	-	-	-
CO 2007 EDC Projects	1,708,566	-	1,708,566	-	-
CO Series 2011	5,718,694	-	3,709,671	2,009,023	-
CO Series 2012	2,530,027	-	2,530,027	-	-
Cons. Cash Grant CO	1,130	1,130	-	-	-
Police	26	26	-	-	-
Forfeiture Seizure Federal	184,038	184,038	-	-	-
Special Investigations Ckg	47,737	47,737	-	-	-
Special investigation Svgs	11,552	11,552	-	-	-
Veterans Memorial	17,635	17,635	-	-	-
Resaca Trails	419	419	-	-	-
Hotel/Motel Tax	174,054	174,054	-	-	-
Community Dev. Block Grant	154	154	-	-	-
DSRIP UTHSCSA	19,860	19,860	-	-	-
Fire Relief & Retirement Plan	375,980	375,980	-	-	-
Emergency Management Funds	140,850	140,850	-	-	-
Revolving Loan	15,958	15,958	-	-	-
Local Match	74	74	-	-	-
TIRZ	153,085	153,085	-	-	-
Sub-totals	26,887,195	6,662,685	15,201,241	4,018,046	1,005,223
EDC	903,793	273,509	379,669	250,614	-
EDC-SB Cultural Heritage Program	1,070	1,070	-	-	-
Totals	\$ 27,792,058	\$ 6,937,264	\$ 15,580,911	\$ 4,268,661	\$ 1,005,223