



# INVESTMENT REPORT

**For the Period Ended  
June 30, 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 five times (\$10 billion each time) to \$35 billion. A continued, orderly tapering is anticipated as long as economic activity remains moderately positive. First quarter 2014 GDP (originally estimated at -1.0%) was revised to -2.9%. Many full year GDP estimates have since been reduced, including the FOMC's to 2.1-2.3%. Employment data remains positive with new payrolls exceeding 288,000 in June and upward revisions of the previous two months. 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>June 30, 2014</u>		<u>March 31, 2014</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Bank Accounts/MMA	0.23%	\$ 13,473,972	\$ 13,473,972	\$ 13,092,539	\$ 13,092,539
Local Government Pools	0.03%	11,647,144	11,647,144	12,560,308	12,560,308
CDs/Securities	0.23%	1,006,619	1,006,619	1,005,932	1,005,932
<b>Totals</b>		<b>\$ 26,127,735</b>	<b>\$ 26,127,735</b>	<b>\$ 26,658,780</b>	<b>\$ 26,658,780</b>

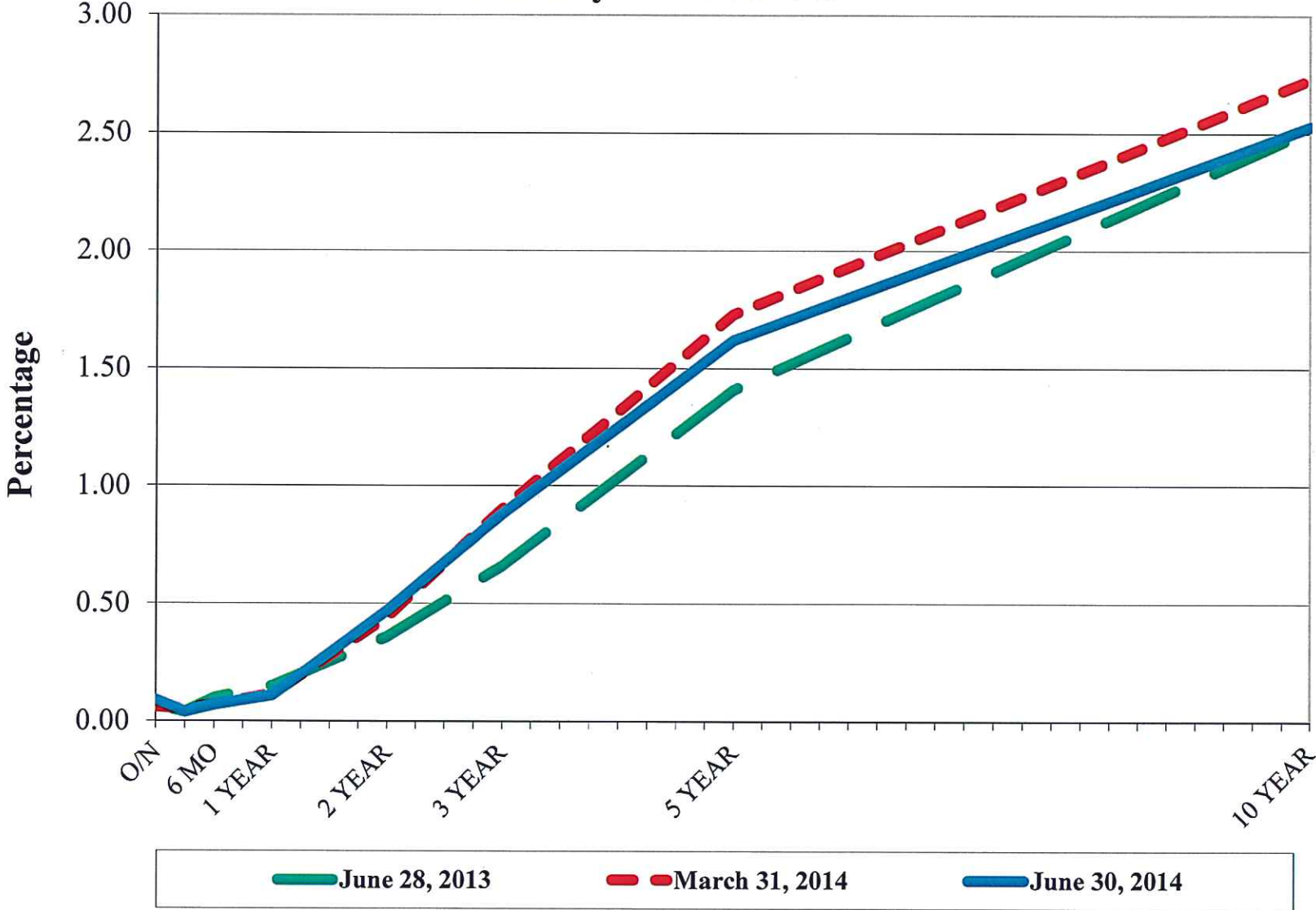
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.14%	Total Portfolio	0.15%
Rolling Three Mo. Treas. Yield	0.03%	Rolling Three Mo. Treas. Yield	0.05%
Rolling Six Mo. Treas. Yield	0.07%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.03%

Quarterly Interest Income \$ 9,027  
 YTD Interest Income \$ 25,719

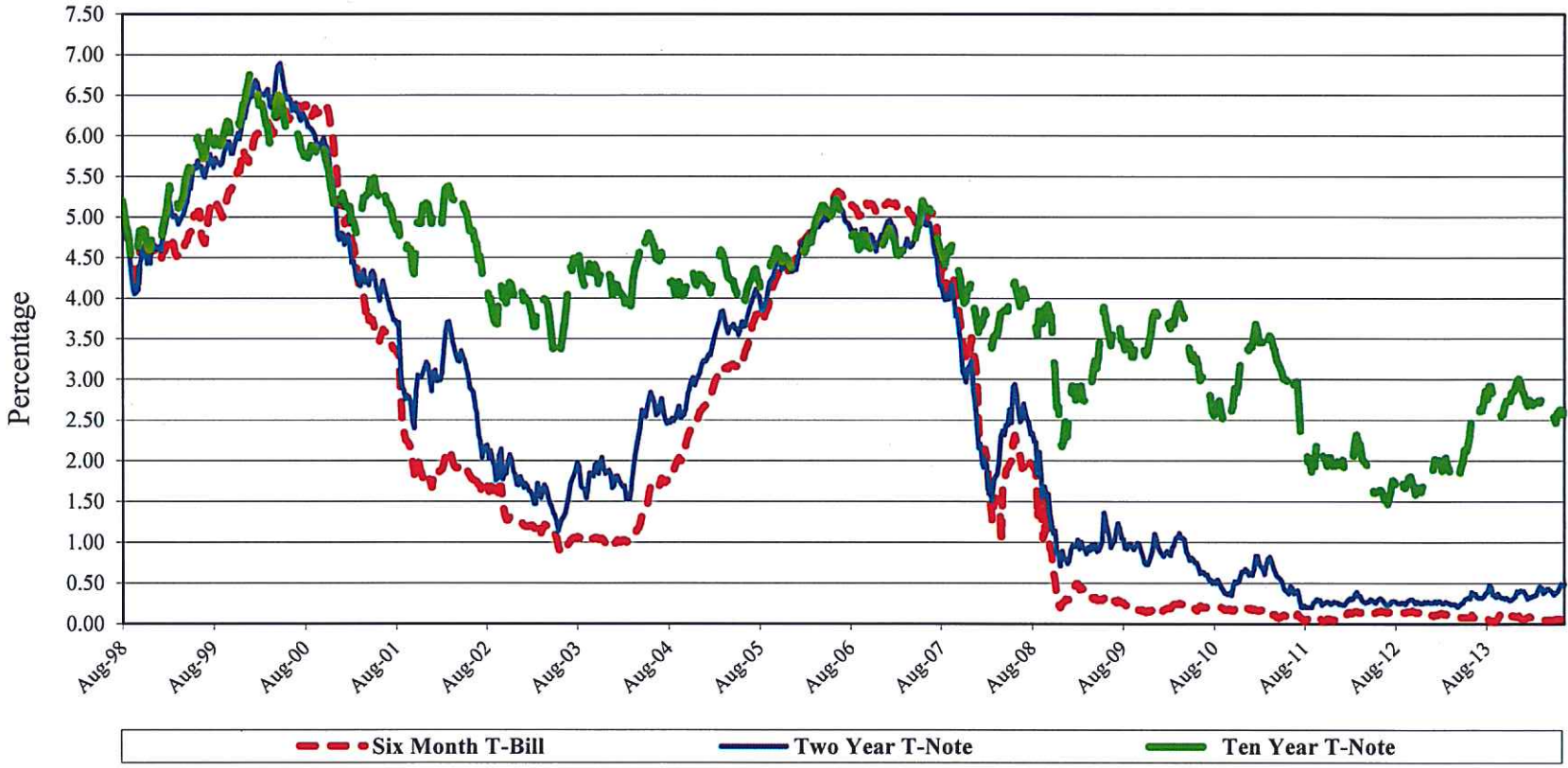
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

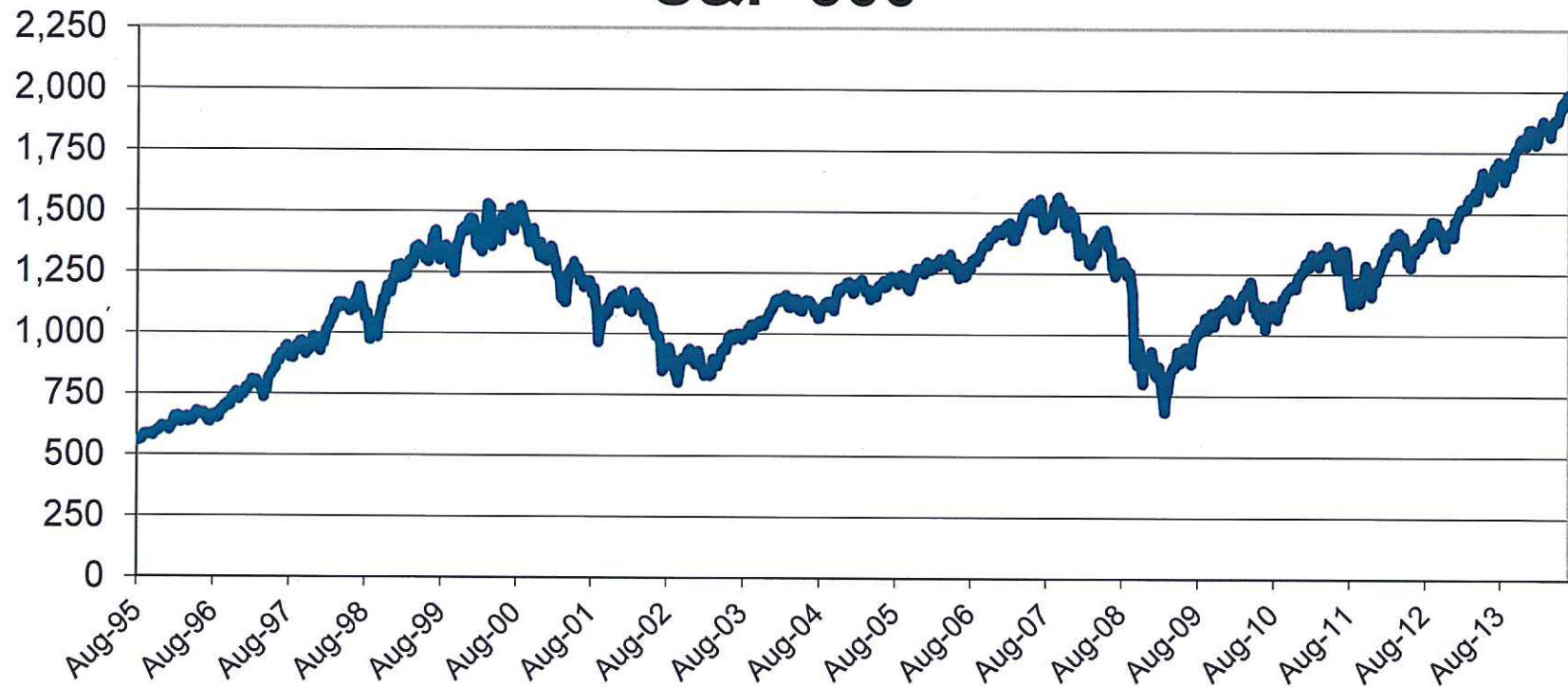
# Treasury Yield Curves



### US Treasury Historical Yields



# S&P 500



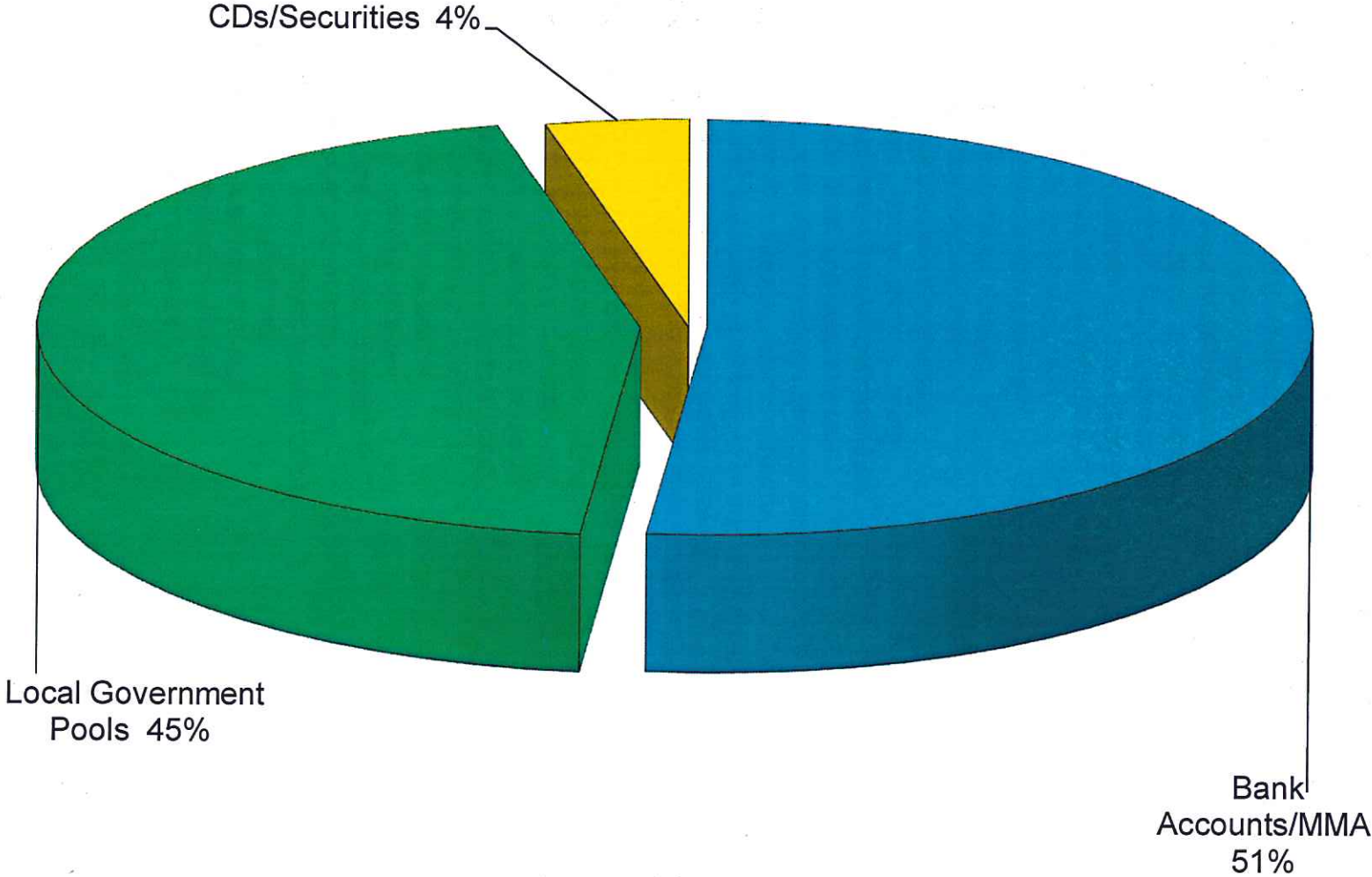
## Detail of Investment Holdings June 30, 2014

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
FCB		0.25%	07/01/2014	06/30/2014	\$ 9,201,528	\$ 9,201,528	1.00	\$ 9,201,528	1	0.25%
Southside Bank MMA		0.18%	07/01/2014	06/30/2014	4,272,443	4,272,443	1.00	4,272,443	1	0.18%
TexPool	AAAm	0.03%	07/01/2014	06/30/2014	11,647,144	11,647,144	1.00	11,647,144	1	0.03%
Southside Bank CD		0.23%	5/2/2015	5/2/2014	1,006,619	1,006,619	1.00	1,006,619	306	0.23%
					<b>\$ 26,127,735</b>	<b>\$ 26,127,735</b>		<b>\$ 26,127,735</b>	<b>13</b>	<b>0.14%</b>
									(1)	(2)

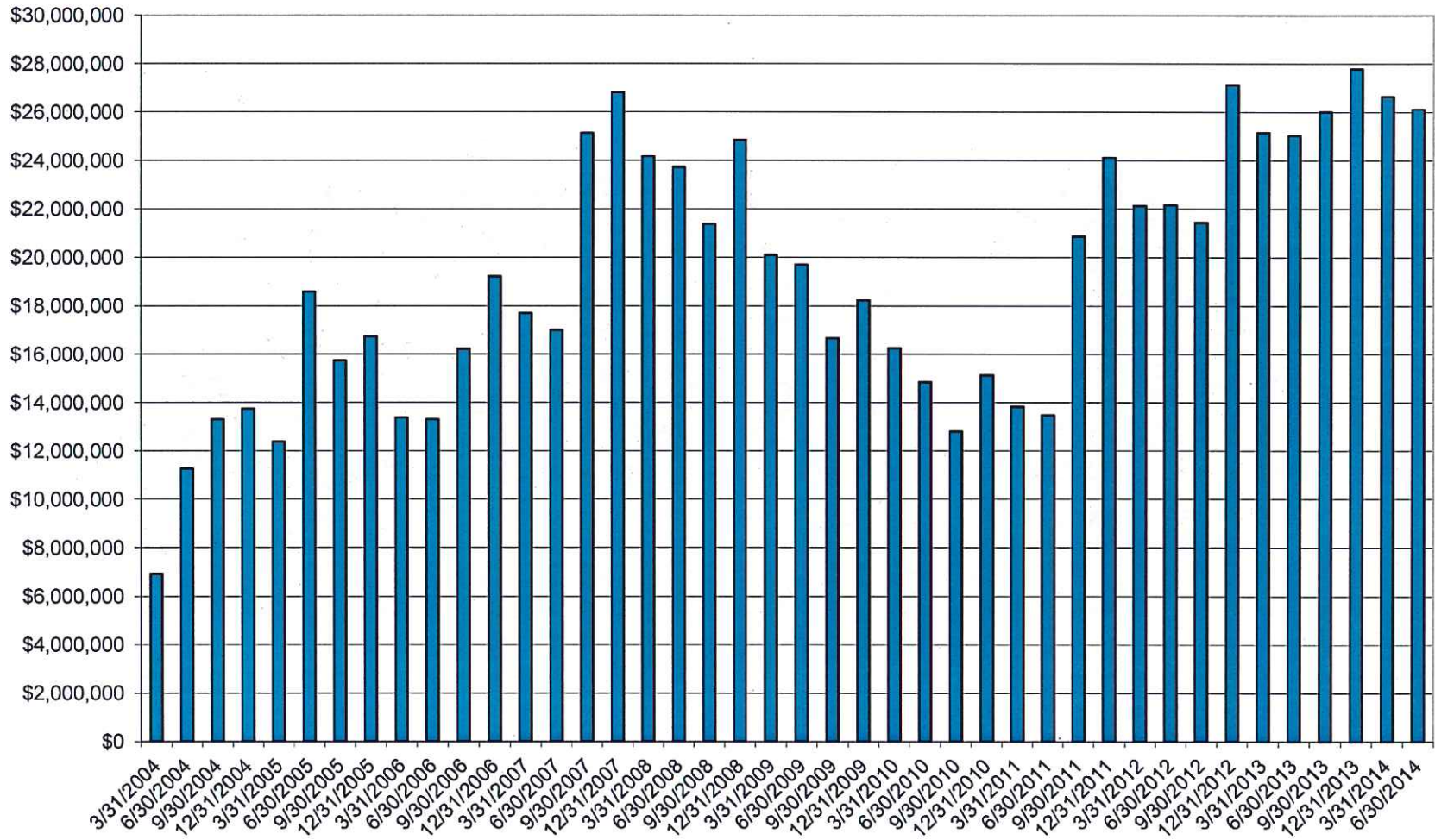
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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, 2014			June 30, 2014		
				Original Face\ Par Value	Book Value	Purchases at Cost	Sales/ Maturities	Original Face\ Par Value	Book Value
FCB	0.25%	07/01/2014	6/30/2014	\$ 8,822,000	\$ 8,822,000	\$ 379,529	\$ -	\$ 9,201,528	\$ 9,201,528
Southside Bank MMA	0.18%	07/01/2014	6/30/2014	4,270,539	4,270,539	1,904		4,272,443	4,272,443
TexPool	0.03%	07/01/2014	6/30/2014	12,560,308	12,560,308		(913,164)	11,647,144	11,647,144
Southside Bank CD	0.23%	05/02/2015	5/2/2014	1,005,932	1,005,932	687		1,006,619	1,006,619
<b>TOTAL</b>				<b>\$ 26,658,780</b>	<b>\$ 26,658,780</b>	<b>\$ 382,119</b>	<b>\$ (913,164)</b>	<b>\$ 26,127,735</b>	<b>\$ 26,127,735</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2014			June 30, 2014			
			Original Face\ Par Value	Market Price	Market Value	Qtr-to-Qtr Change	Original Face\ Par Value	Market Price	Market Value
FCB	0.25%	07/01/2014	\$ 8,822,000	1.00	\$ 8,822,000	\$ 379,529	\$ 9,201,528	1.00	\$ 9,201,528
Southside Bank MMA	0.18%	07/01/2014	4,270,539	1.00	4,270,539	1,904	4,272,443	1.00	4,272,443
TexPool	0.03%	07/01/2014	12,560,308	1.00	12,560,308	(913,164)	11,647,144	1.00	11,647,144
Southside Bank CD	0.23%	05/02/2015	1,005,932	100	1,005,932	687	1,006,619	100	1,006,619
<b>TOTAL</b>			<b>\$ 26,658,780</b>		<b>\$ 26,658,780</b>	<b>\$ (531,045)</b>	<b>\$ 26,127,735</b>		<b>\$ 26,127,735</b>

**Fund Allocation**  
**Book & Market Value**  
**June 30, 2014**

	Fund Total	FCB Account	Texpool	Southside Bank MMA	Southside Bank CD 0.23 5/2/15
Consolidated/General	\$ 5,271,250	\$ 2,824,633	\$ 1,439,998	\$ -	\$ 1,006,619
Escrow	280,885	-	280,885	-	-
Utilites Cons./W & S	5,715,910	3,740,959	1,974,952	-	-
Payroll	89,420	89,420	-	-	-
W&S O & M Reserve	457,931	-	55,770	402,161	-
W&S R & R Reserve	429,780	-	27,619	402,161	-
W & S Debt Service Reserve	1,265,820	-	59,338	1,206,482	-
W & S Reserve Capital Imp	201,090	-	201,090	-	-
CO Project Fund	119,490	-	119,490	-	-
NADB Loan 2004	44,561	44,561	-	-	-
CO 2007 EDC Projects	1,708,809	-	1,708,809	-	-
CO Series 2011	5,221,055	-	3,210,251	2,010,804	-
CO Series 2012	2,389,243	-	2,389,243	-	-
Cons. Cash Grant CO	1,131	1,131	-	-	-
Police	3,136	3,136	-	-	-
Forfeiture Seizure Federal	226,757	226,757	-	-	-
Special Investigations Ckg	46,298	46,298	-	-	-
Special investigation Svgs	13,015	13,015	-	-	-
Veterans Memorial	22,385	22,385	-	-	-
Resaca Trails	420	420	-	-	-
Hotel/Motel Tax	220,421	220,421	-	-	-
Community Dev. Block Grant	439	439	-	-	-
DSRIP UTHSCSA	25,115	25,115	-	-	-
Fire Relief & Retirement Plan	376,837	376,837	-	-	-
Border Security	15,494	15,494	-	-	-
Emergency Management Funds	143,304	143,304	-	-	-
Revolving Loan	31,988	31,988	-	-	-
Local Match	74	74	-	-	-
TIRZ	153,275	153,275	-	-	-
<b>Sub-totals</b>	<b>24,475,332</b>	<b>7,979,661</b>	<b>11,467,445</b>	<b>4,021,607</b>	<b>1,006,619</b>
EDC	1,651,332	1,220,796	179,699	250,836	-
EDC-SB Cultural Heritage Program	1,071	1,071	-	-	-
<b>Totals</b>	<b>\$26,127,735</b>	<b>\$ 9,201,528</b>	<b>\$ 11,647,144</b>	<b>\$ 4,272,443</b>	<b>\$ 1,006,619</b>

**Fund Allocation**  
**Book & Market Value**  
**March 31, 2014**

	<u>Book Value</u>	<u>FCB</u>	<u>Texpool</u>	<u>Southside Bank</u>
	<u>Fund Total</u>	<u>Account</u>		
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	-	-
Emergency Management Funds	145,980	145,980	-	-
Revolving Loan	23,418	23,418	-	-
Local Match	74	74	-	-
TIRZ	153,179	153,179	-	-
<b>Sub-totals</b>	<b>\$ 25,150,019</b>	<b>\$ 7,743,651</b>	<b>\$ 12,380,621</b>	<b>\$ 5,025,747</b>
EDC	1,507,690	1,077,279	179,687	250,725
EDC-SB Cultural Heritage Program	1,070	1,070	-	-
<b>Totals</b>	<b>\$ 26,658,780</b>	<b>\$ 8,822,000</b>	<b>\$ 12,560,308</b>	<b>\$ 5,276,472</b>