

INVESTMENT REPORT

For the Period Ended
September 30, 2023

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.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

Asset Type	September 30, 2022				September 30, 2023			
	Ave. Yield	Book Value	Market Value		Ave. Yield	Book Value	Market Value	
Bank Account	1.84%	\$ 8,777,460	\$ 8,777,460		5.81%	\$ 11,646,172	\$ 11,646,172	
MM/ALGIPs	1.28%	26,642,843	26,642,843		5.62%	28,683,758	28,683,758	
CDS/Securities	1.32%	10,450,283	10,450,283		5.88%	6,219,611	6,219,611	
Totals		<u>\$ 45,870,587</u>	<u>\$ 45,870,587</u>			<u>\$ 46,549,540</u>	<u>\$ 46,549,540</u>	
Fourth Quarter-End Yield	1.40%				5.70%			

Average Quarter-End Yields ⁽¹⁾:

	2022 Fiscal Year	2023 Fiscal Year
San Benito-City	0.79%	4.68%
Rolling Three Month Treasury	1.06%	4.95%
Rolling Six Month Treasury	1.01%	4.77%
TexPool	0.90%	4.74%
Fiscal YTD Interest Earnings	\$ 247,435 (Approximate)	\$ 1,995,609 (Approximate)

⁽¹⁾ Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2023		September 30, 2023	
	Book Value	Market Value	Book Value	Market Value
Bank Account	\$ 12,843,528	\$ 12,843,528	\$ 11,646,172	\$ 11,646,172
MM/ALGIPs	28,279,624	28,279,624	28,683,758	28,683,758
CDS/Securities	6,130,439	6,130,439	6,219,611	6,219,611
Totals	\$ 47,253,592	\$ 47,253,592	\$ 46,549,540	\$ 46,549,540

<u>Average Yield Current Quarter (1):</u>		<u>Fiscal Year-to-Date Average Yield (2):</u>	
Total Portfolio	5.70%	Total Portfolio	4.68%
Rolling Three Month Treasury	5.54%	Rolling Three Month Treasury	4.95%
Rolling Six Month Treasury	5.38%	Rolling Six Month Treasury	4.77%
TexPool	5.32%	TexPool	4.74%

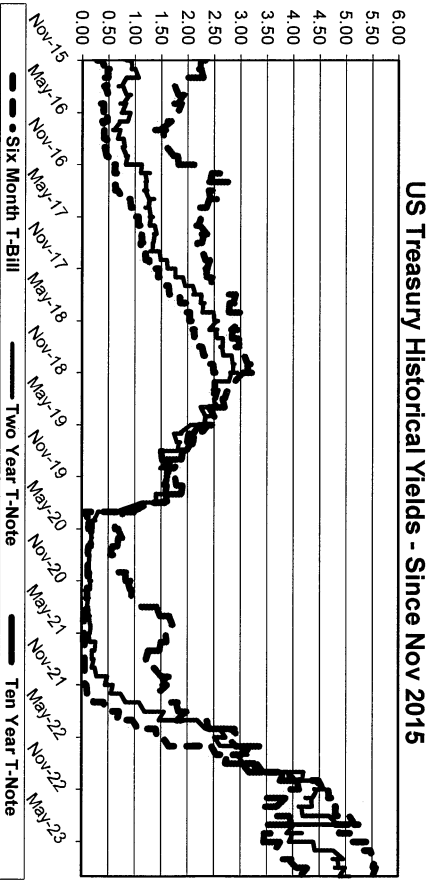
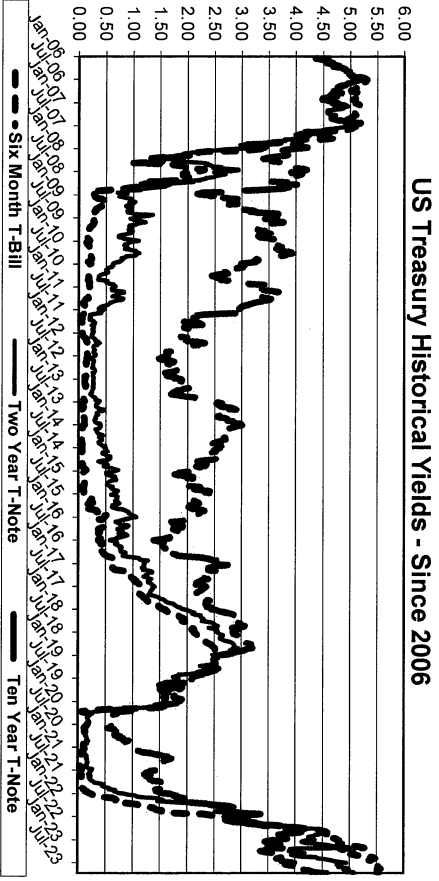
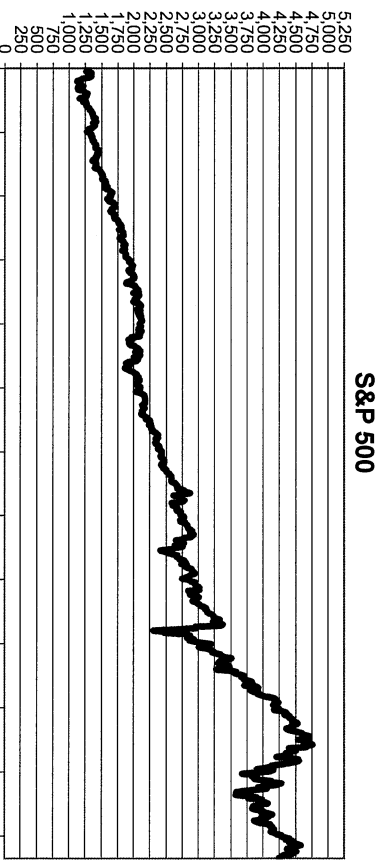
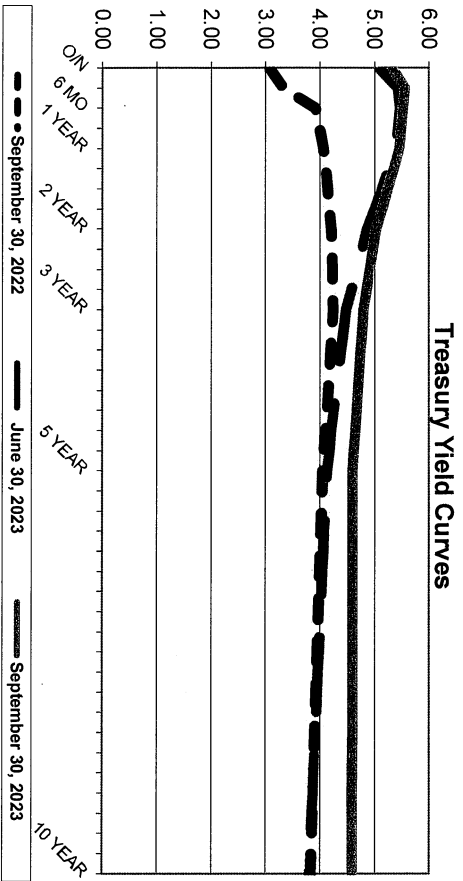
<u>Interest Income (Approximate)</u>	
Quarterly Interest Income	\$ 664,723
YTD Interest Income	\$ 1,995,609

(1) **Average Yield Current Quarter** - 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.
 (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.

Economic Overview

9/30/2023

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 5.25% - 5.50% (Effective Fed Funds are trading +/-5.33%). A pause is projected at least until the November 1st announcement date, with any future actions data-dependent. Second Quarter 2023 GDP posted 2.1%. September Non-Farm Payroll surged up 336k new jobs, above the 170k projection. The S&P Stock Index continued to slide below 4,300. The yield curve drifted higher on the long end. Crude Oil traded +/- \$85 per barrel. Inflation drifted lower but still over the FOMC 2% target (Core PCE +/-3.9% and CPI +/-3.7%). The slowing China and German economies, Ukrainian/Russian and Israeli/Hamas conflicts continue to weight on future outlooks.



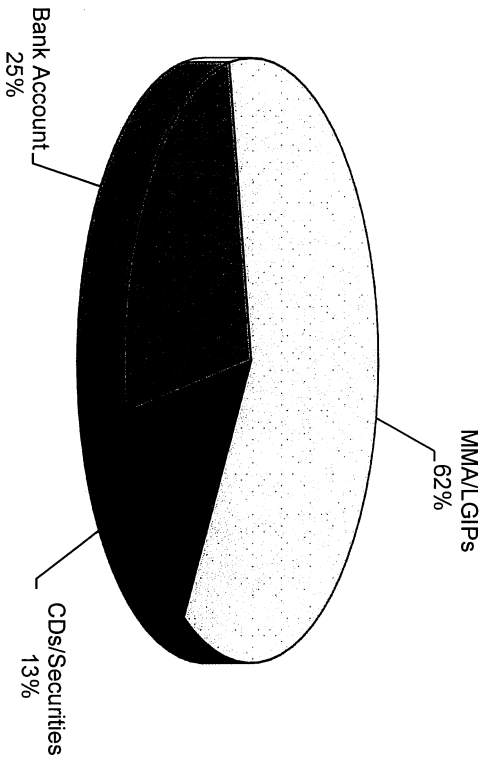
**Investment Holdings
September 30, 2023**

Description	Rating	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Texas Regional Bank DDA		5.81%	10/01/23	09/30/23	\$ 11,646,172	\$ 11,646,172	1.00	\$ 11,646,172	1	5.81%
Texas Regional Bank MMA		5.81%	10/01/23	09/30/23	13,137,991	13,137,991	1.00	13,137,991	1	5.81%
Southside Bank MMA		5.50%	10/01/23	09/30/23	2,889,007	2,889,007	1.00	2,889,007	1	5.50%
Veritex Bank MMA		5.46%	10/01/23	09/30/23	10,895,264	10,895,264	1.00	10,895,264	1	5.46%
TexPool	AAA	5.32%	10/01/23	09/30/23	1,761,496	1,761,496	1.00	1,761,496	1	5.32%
East West Bank CD		5.72%	12/1/23	06/09/23	5,182,840	5,182,840	100.00	5,182,840	72	5.89%
East West Bank CD		5.70%	03/1/24	09/1/23	1,036,770	1,036,770	100.00	1,036,770	163	5.87%
					\$ 46,549,540	\$ 46,549,540		\$ 46,549,540	13	5.70%
									(1)	(2)

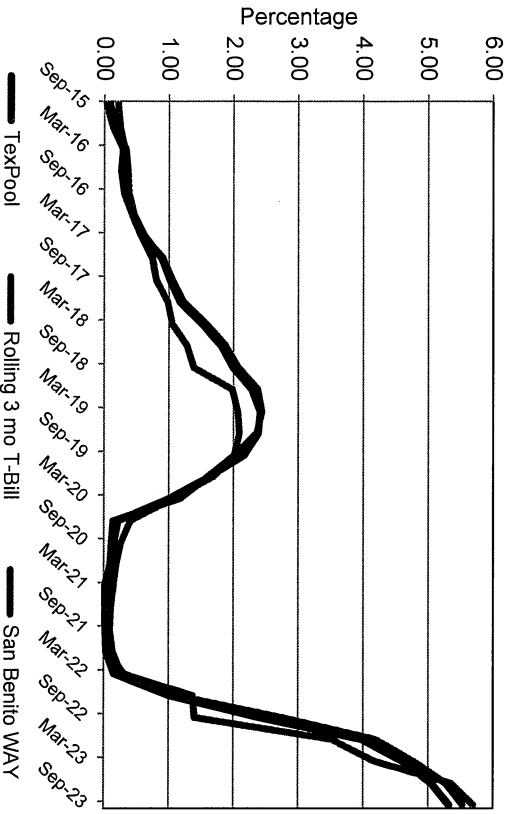
(1) **Weighted average life** - For purposes of calculating weighted average life, bank, pool and money market balances are assumed to have a one day maturity.

(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.

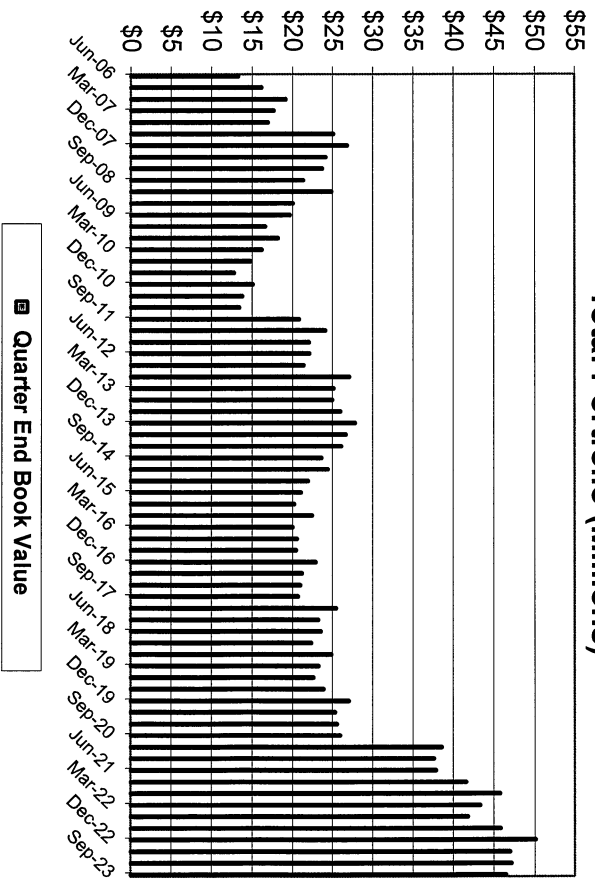
Portfolio Composition



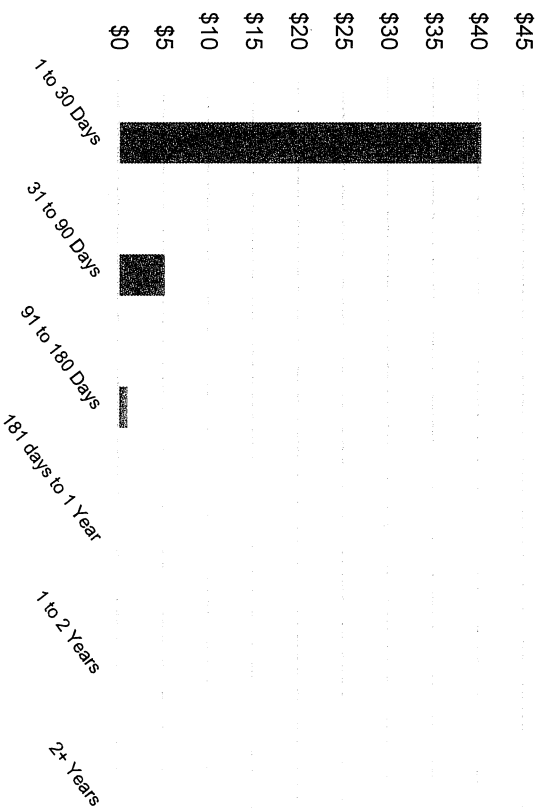
Total Portfolio Performance



Total Portfolio (Millions)



Distribution by Maturity Range (Millions)



Book & Market Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/23	Increases	Decreases	Book Value 09/30/23	Market Value 06/30/23	Change in Market Value	Market Value 09/30/23
Texas Regional Bank DDA	5.81%	10/01/23	\$12,843,528	—	\$ (1,197,356)	\$11,646,172	\$12,843,528	\$ (1,197,356)	\$11,646,172
Texas Regional Bank MMA	5.81%	10/01/23	12,955,862	182,129	—	13,137,991	12,955,862	182,129	13,137,991
Southside Bank MMA	5.50%	10/01/23	2,850,841	38,167	—	2,889,007	2,850,841	38,167	2,889,007
Vertex Bank MMA	5.46%	10/01/23	10,734,529	160,735	—	10,895,264	10,734,529	160,735	10,895,264
TexPool	5.32%	10/01/23	1,738,393	23,102	—	1,761,496	1,738,393	23,102	1,761,496
East West Bank CD	5.80%	09/11/23	1,021,781	—	(1,021,781)	—	1,021,781	(1,021,781)	—
East West Bank CD	5.72%	12/11/23	5,108,658	74,182	—	5,182,840	5,108,658	74,182	5,182,840
East West Bank CD	5.70%	03/11/24	—	1,036,770	—	1,036,770	—	1,036,770	1,036,770
TOTAL / AVERAGE	5.70%		\$ 47,253,592	\$ 1,515,086	\$ (2,219,137)	\$ 46,549,540	\$ 47,253,592	\$ (704,052)	\$ 46,549,540

**Fund Allocation
Book & Market Value
September 30, 2023**

	Fund Total	Southside Bank MMA	Veritex Bank MMA	Texas Regional Bank DDA	Texas Regional Bank MMA	TexPool	East West Bank CDs
Consolidated/General	\$ 14,436,819		\$ 4,698,903	\$ 3,518,306			6,219,611
Escrow	280,355					280,355	
Utilities Cons./W & S	4,008,773			4,008,773			
Payroll	804,448			278,176	526,272		
Water Treatment Plant	1,501,735	975,455			526,281		
W&S O & M Reserve	493,338	432,151				61,187	
W&S R & R Reserve	279,815	248,961				30,854	
W & S Debt Service Reserve	469,957	403,670				66,287	
W & S Reserve Capital Imp	224,642					224,642	
CO 2007 EDC Projects	970,473					970,473	
CO Series 2011	828,770	828,770					
CO Series 2012	127,698					127,698	
CO Series 2019	1,052,554				1,052,554		
CO Series 2020	5,158,430		5,158,430				
Cons. Cash Grant CO	469,222			469,222			
Veterans Memorial	50,116			50,116			
Resaca Trails	58,208			58,208			
Hotel/Motel Tax	734,454			208,182	526,272		
Local General Fund	2,611,772				2,611,772		
Community Dev. Block Grant	14,189			14,189			
DSRIP UTHSCSA	40,361			40,361			
Police	4,601			4,601			
Forfeiture Seizure Federal	259,186			259,186			
Special Investigations Ckg	106,992			106,992			
Special Investigation Svgs	78,734			78,734			
Fire Relief & Retirement Plan	114,991			114,991			
Border Security	17,151			17,151			
Emergency Management Funds	153,418			153,418			
Coronavirus Funds	172,251			172,251			
TIRZ	2,093,314			2,093,314			
ARPA Grant	7,894,841				7,894,841		
Refuse Collection	1,037,931		1,037,931				
TOTAL	\$ 46,549,540	\$ 2,889,007	\$ 10,895,264	\$ 11,646,172	\$ 13,137,991	\$ 1,761,496	\$ 6,219,611

**Fund Allocation
Book & Market Value
June 30, 2023**

	Fund Total	Southside Bank MMA	Veritex Bank MMA	Texas Regional Bank DDA	Texas Regional Bank MMA	TexPool	East West Bank CDs
Consolidated/General	\$ 14,056,129		\$ 4,637,801	\$ 4,309,669			\$ 5,108,658
Escrow	276,678					276,678	
Utilities Cons./W & S	3,500,210			3,500,210			
Payroll	1,034,326			515,350	518,976		
Water Treatment Plant	1,481,553				518,985		
W&S O & M Reserve	487,102					60,385	
W&S R & R Reserve	276,280					30,449	
W & S Debt Service Reserve	464,010					65,418	
W & S Reserve Capital Imp	221,696					221,696	
CO 2007 EDC Projects	957,745					957,745	
CO Series 2011	817,133	817,133					
CO Series 2012	126,023					126,023	
CO Series 2019	2,059,744						1,021,781
CO Series 2020	5,072,293		5,072,293				
Cons. Cash Grant CO	799,433			799,433			
Veterans Memorial	46,851			46,851			
Resaca Trails	57,401			57,401			
Hotel/Motel Tax	711,786			192,810	518,976		
Local General Fund	2,575,565				2,575,565		
Community Dev. Block Grant	549			549			
DSRIP UTHSCSA	39,703			39,703			
Police	4,537			4,537			
Forfeiture Seizure Federal	381,046			381,046			
Special Investigations Ckg	105,509			105,509			
Special investigation Svgs	78,734			78,734			
Fire Relief & Retirement Plan	28,519			28,519			
Border Security	16,914			16,914			
Emergency Management Funds	156,719			156,719			
Coronavirus Funds	545,281			545,281			
TIRZ	2,064,294			2,064,294			
ARRPA Grant	7,785,396				7,785,396		
Refuse Collection	1,024,435		1,024,435				
TOTAL	\$ 47,253,592	\$ 2,850,841	\$ 10,734,529	\$ 12,843,528	\$ 12,955,862	\$ 1,738,393	\$ 6,130,439