

M E M O R A N D U M

TO: Mayor Prussing  
Members, Urbana City Council

FROM: Ronald Eldridge, City Comptroller *Ron E.*

RE: Quarterly Investment Report for Quarter Ended March 31, 2011

DATE: April 28, 2011

The City's investment policy requires that a quarterly investment report be submitted to the City Council. Attached please find the city's investment report as of March 31, 2011.

The total amount invested increased \$322,114 to a total of \$37,750,819 from the balance last quarter. This small increase is virtually insignificant (less than 1%).

The average yield is 3.7% on fixed investments (CD's and U.S. Treasury) and 0.1% on short-term money market and savings investments (same as last quarter). The average outstanding length of maturity time for the fixed investments is 2.9 years. I have purchased a few U.S. securities that mature in approximately 20 years, in order to obtain a higher yield. These securities can be sold if needed to. In reality, many of these higher yielding bonds are being called by the government and paid off early.

The City has a significant amount of securities maturing over the next 8 months. Experts are predicting that interest rates are beginning to rise. As these securities mature, I will attempt to fill in gaps in my laddering (thus extending the average length of maturity), depending upon exactly what the city's investment advisors are recommending.

This portfolio of city investment's is not affected by fluctuations in the stock market since this portfolio has no investments in the stock market. However, the City's three employee pension funds have 45% to 60% of their assets invested in the stock market. The stock market had a return for the fiscal year ended June 30 of approximately 20% and the first 9 months has been exceptional as well, averaging 22%. This return is very encouraging and will help mitigate losses that occurred in 2008 and 2009. If the pension funds can achieve another good return in fiscal year 2011, this will help pension funding requirements greatly and decrease the amount of money the city is required to pay into the funds in the future, thus freeing up this money to alleviate the general fund financing problem.

The City's investment portfolio at March 31, 2011 complies and is in accordance with State laws and the City's investment policies that were approved on November 15, 1999.

Institution	Type of Investment	Maturity Date	Date Purchased	Yield	03/31/11 \$ Market	% Portfolio	12/31/10 \$ Market	% Increase (Decrease)	Reason for Change
CIBM Bank	CD	08/06/11	12/06/09	2.290%	\$ 239,729		\$ 238,383	0.56%	Accrued Interest
Regions Bank	CD	03/05/13	09/05/09	3.200%	\$ 106,322		\$ 105,486	0.79%	Accrued Interest
PNC Bank	CD	01/11/12	12/11/10	0.595%	\$ 102,103		\$ 102,103	0.00%	
Centru Bank	CD	05/30/11	05/30/09	2.390%	\$ 102,992		\$ 102,992	0.00%	
Chase Bank	CD	11/24/13	11/24/08	4.490%	\$ 99,953		\$ 99,953	0.00%	
First Federal	CD	11/29/11	11/29/10	0.700%	\$ 101,039		\$ 101,039	0.00%	
Busey Bank	CD	01/16/11	12/16/09	1.340%	\$ -		\$ 250,000	-100.00%	Maturity
Busey Bank	CD	02/16/11	04/16/10	1.000%	\$ -		\$ 445,706	-100.00%	Maturity
Busey Bank	CD	03/16/11	05/12/10	1.000%	\$ -		\$ 444,319	-100.00%	Maturity
Busey Bank	CD	04/15/11	06/15/10	0.750%	\$ 437,500		\$ 437,500	0.00%	
Busey Bank	CD	01/15/12	07/17/10	1.000%	\$ 250,000		\$ 250,000	0.00%	
Busey Bank	CD	05/16/11	08/16/10	0.500%	\$ 250,000		\$ 250,000	0.00%	
Busey Bank	CD	06/09/11	09/10/10	0.500%	\$ 250,000		\$ 250,000	0.00%	
Busey Bank	CD	07/11/11	10/11/10	0.500%	\$ 250,000		\$ 250,000	0.00%	
Busey Bank	CD	07/10/11	11/10/10	0.400%	\$ 250,000		\$ 250,000	0.00%	
Busey Bank	CD	08/10/11	12/10/10	0.400%	\$ 250,000		\$ 250,000	0.00%	
Busey Bank	CD	02/16/12	01/16/11	0.550%	\$ 250,000			100.00%	Purchase
Busey Bank	CD	03/16/12	02/16/11	0.550%	\$ 250,000			100.00%	Purchase
Busey Bank	CD	04/16/12	02/16/11	0.550%	\$ 199,443			100.00%	Purchase
Busey Bank	CD	05/16/12	03/16/11	0.550%	\$ 224,034			100.00%	Purchase
Busey Bank	CD	06/16/12	03/16/11	0.550%	\$ 224,034			100.00%	Purchase
Smith Barney	CD	02/04/11	02/04/09	2.500%	\$ -		\$ 69,000	-100.00%	Maturity
Smith Barney	CD	02/06/12	02/06/09	3.000%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	04/16/12	04/14/09	3.000%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	12/05/14	12/05/07	5.000%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	11/07/11	11/06/09	1.750%	\$ 104,000		\$ 104,000	0.00%	
Smith Barney	CD	06/10/11	12/11/09	1.350%	\$ 102,000		\$ 102,000	0.00%	
Smith Barney	CD	09/03/13	09/03/10	1.500%	\$ 150,000		\$ 150,000	0.00%	
Smith Barney	CD	03/02/12	09/02/10	0.600%	\$ 245,000		\$ 245,000	0.00%	
Smith Barney	CD	09/02/14	09/01/10	1.300%	\$ 244,000		\$ 244,000	0.00%	
Stifel, Nicolaus	CD	06/27/11	06/26/09	2.250%	\$ 250,000		\$ 250,000	0.00%	
Stifel, Nicolaus	CD	09/04/12	09/02/09	2.500%	\$ 250,000		\$ 250,000	0.00%	
Stifel, Nicolaus	CD	05/28/13	05/27/09	3.350%	\$ 245,000		\$ 245,000	0.00%	
Stifel, Nicolaus	CD	12/10/13	12/10/08	4.750%	\$ 98,000		\$ 98,000	0.00%	
Stifel, Nicolaus	CD	12/12/13	12/12/08	4.850%	\$ 100,000		\$ 100,000	0.00%	
Stifel, Nicolaus	CD	06/30/14	06/29/09	4.000%	\$ 95,000		\$ 95,000	0.00%	
Stifel, Nicolaus	CD	06/15/11	06/17/10	0.550%	\$ 250,000		\$ 250,000	0.00%	
Edward Jones	CD	03/05/12	09/04/09	1.950%	\$ 249,000		\$ 249,000	0.00%	
Edward Jones	CD	08/31/12	08/31/09	2.050%	\$ 249,000		\$ 249,000	0.00%	
Edward Jones	CD	09/10/12	09/09/09	2.150%	\$ 249,000		\$ 249,000	0.00%	
Edward Jones	CD	09/03/13	09/03/09	2.600%	\$ 246,000		\$ 246,000	0.00%	
Edward Jones	CD	04/28/11	04/28/10	0.600%	\$ 230,000		\$ 230,000	0.00%	
Edward Jones	CD	04/28/11	04/28/10	0.700%	\$ 248,000		\$ 248,000	0.00%	
Edward Jones	CD	10/31/11	04/30/10	0.850%	\$ 248,000		\$ 248,000	0.00%	
Edward Jones	CD	11/07/11	05/07/10	0.850%	\$ 249,000		\$ 249,000	0.00%	
Morgan Stanley	CD	01/03/11	12/31/08	3.000%	\$ -		\$ 98,000	-100.00%	Maturity
Morgan Stanley	CD	01/03/11	12/31/08	3.000%	\$ -		\$ 98,000	-100.00%	Maturity
Morgan Stanley	CD	06/30/11	06/30/08	4.300%	\$ 98,000		\$ 98,000	0.00%	
Morgan Stanley	CD	12/27/11	06/24/09	2.500%	\$ 247,000		\$ 247,000	0.00%	
Morgan Stanley	CD	10/28/11	10/28/09	2.000%	\$ 200,000		\$ 200,000	0.00%	
Morgan Stanley	CD	10/28/11	10/28/09	1.950%	\$ 179,000		\$ 179,000	0.00%	
Morgan Stanley	CD	11/14/11	11/13/09	1.950%	\$ 247,000		\$ 247,000	0.00%	
Morgan Stanley	CD	02/06/12	11/06/09	2.000%	\$ 247,000		\$ 247,000	0.00%	
Morgan Stanley	CD	11/07/11	11/06/09	1.950%	\$ 247,000		\$ 247,000	0.00%	
Morgan Stanley	CD	06/29/12	12/30/09	2.000%	\$ 198,000		\$ 198,000	0.00%	
Morgan Stanley	CD	07/16/12	01/15/10	1.900%	\$ 112,000		\$ 112,000	0.00%	
Morgan Stanley	CD	03/11/13	09/10/10	0.850%	\$ 188,000		\$ 188,000	0.00%	
Morgan Stanley	CD	11/30/11	12/01/10	0.350%	\$ 249,000		\$ 249,000	0.00%	
Morgan Stanley	CD	01/14/13	01/12/11	0.750%	\$ 240,000		\$ -	100.00%	Purchase
Morgan Stanley	CD	01/12/15	01/12/11	1.500%	\$ 235,000		\$ -	100.00%	Purchase
Subtotal, CD's					\$ 10,913,150	28.91%	\$ 10,693,483	2.05%	

Institution	Type of Investment	Maturity Date	Date Purchased	Yield	03/31/11 \$ Market	% Portfolio	12/31/10 \$ Market	% Increase (Decrease)	Reason for Change
Morgan Stanley	US Govt, Agency, Tstrip	5/15/11	05/26/04	4.310%	671,617		671,617	0.00%	
Morgan Stanley	US Govt, Agency, Tstrip	11/15/16	11/18/08	4.220%	1,665,659		1,665,659	0.00%	
Morgan Stanley	US Govt, Agency, FHLM	1/30/14	05/15/09	5.000%	618,409		618,409	0.00%	
Morgan Stanley	US Govt, Agency, FHLM	11/24/14	01/27/09	3.210%	539,632		539,632	0.00%	
Smith Barney	US Govt, Agency, GNMA	10/20/23	11/26/93	6.500%	8,711		8,851	-1.59%	Principal Payments
Smith Barney	US Govt, Agency, GNMA	11/20/23	11/26/93	6.500%	797		831	-4.16%	Principal Payments
Smith Barney	US Govt, Agency, Tstrip	11/15/14	11/16/09	2.005%	976,105		976,105	0.00%	
Smith Barney	US Govt, Agency, FICO	6/27/11	05/25/04	4.680%	694,092		694,092	0.00%	
Smith Barney	US Govt, Agency, FICO	5/30/12	05/25/04	4.900%	732,803		732,803	0.00%	
Smith Barney	US Govt, Agency, FHLM	3/15/13	05/24/04	5.750%	762,160		762,160	0.00%	
Smith Barney	US Govt, Agency, Tstrip	11/15/13	08/26/10	0.481%	\$ 179,210		\$ 179,210	0.00%	
Edward Jones	US Govt, Agency, TNote	4/30/11	04/30/06	4.875%	431,812		431,812	0.00%	
Edward Jones	US Govt, Agency, FHLMC	9/15/19	09/03/09	4.150%	41,932		41,932	0.00%	
Edward Jones	US Govt, Agency, Tstrip	11/15/12	11/23/10	0.421%	547,423		547,423	0.00%	
Edward Jones	US Govt, FFCB	11/24/25	11/24/10	4.000%	548,237		548,237	0.00%	
Edward Jones	US Govt, Agency, TVA	10/15/23	10/17/08	5.000%	1,436,852		1,436,852	0.00%	
Edward Jones	US Govt, Agency, TVA	5/15/29	05/21/09	4.500%	996,480		996,480	0.00%	
Stifel, Nicolaus	US Govt, Agency, Tstrip	11/15/12	06/06/08	3.020%	294,636		294,636	0.00%	
Stifel, Nicolaus	US Govt, Agency, Tstrip	11/15/18	12/01/08	3.550%	330,880		330,880	0.00%	
Stifel, Nicolaus	US Govt, Agency, FICO	9/26/19	05/11/09		170,522		170,522	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLMC	9/15/20	09/02/10	2.000%	1,000,000		1,000,000	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLB	5/18/12	08/27/10	1.125%	531,998		531,998	0.00%	
Stifel, Nicolaus	Bond	2/15/13	08/31/10	0.819%	534,132		534,132	0.00%	
Stifel, Nicolaus	US Govt, Agency, FICO	12/27/13	08/27/10	1.160%	529,204		529,204	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLB	11/17/14	11/23/10	0.700%	951,193		951,193	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLMC Strip	3/15/26	03/04/11	4.900%	108,626			100.00%	Purchase
Stifel, Nicolaus	Revenue Bonds	1/1/25	12/14/10	6.050%	400,000		400,000	0.00%	
Stifel, Nicolaus	Revenue Bonds	1/1/24	12/14/10	5.900%	400,000		400,000	0.00%	
Stifel, Nicolaus	Revenue Bonds	1/1/28	12/14/10	6.600%	400,000		400,000	0.00%	
Stifel, Nicolaus	Revenue Bonds	1/1/27	12/14/10	6.400%	400,000		400,000	0.00%	
Stifel, Nicolaus	Revenue Bonds	1/1/26	12/14/10	6.200%	400,000		400,000	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLMC	12/15/25	12/23/10	4.000%	160,000		160,000	0.00%	
Subtotal, U.S. Govt.					\$ 17,463,121	46.26%	\$ 17,354,670	0.62%	

Institution	Type of Investment	Maturity Date	Date Purchased	Yield	03/31/11 \$ Market	% Portfolio	12/31/10 \$ Market	% Increase (Decrease)	Reason for Change
Morgan Stanley	MM	n/a	n/a	0.150%	\$ 17,814		\$ 278,923	-93.61%	2 investment maturities, 2 purchases, interest on investments
Edward Jones	MM	n/a	n/a	0.010%	\$ 15,020		\$ 7,125	110.81%	One investment purchase, 2 maturities, interest on investments
Smith Barney	MM	n/a	n/a	0.060%	\$ 180,524		\$ 106,189	70.00%	One investment maturity, interest on investments
Stifel, Nicolaus	MM			0.050%	\$ 14,659		\$ 107,492	-86.36%	One investment maturity, interest on investments
IL Metropolitan Investment Fund	US Govt Pool Fund			-0.020%	\$ 258,632		\$ 258,576	0.02%	Interest
Illinois Funds-Money Market	Govt. Pool, IL Funds	n/a	n/a	0.085%	\$ 388,472		\$ 442,095	-12.13%	State Revenue Payments, \$3.85 M Tfr to Busey MM
Illinois Funds-E Pay Account	Govt. Pool, IL Funds	n/a	n/a	0.085%	\$ 15,709		\$ 5,368	192.65%	Credit Card Payments, \$57,000 Tfr to Busey MM
Busey Bank	Savings	n/a	n/a	0.130%	\$ 8,483,717		\$ 8,173,785	3.79%	Regular Bill Paying, Tfr from IL funds (above)
Subtotal, MM, IPTIP, & Savings					\$ 9,374,547	24.83%	\$ 9,379,552	-0.05%	
TOTALS					\$ 37,750,819	100.00%	\$ 37,427,705	0.86%	