

M E M O R A N D U M

TO: Mayor Prussing
Members, Urbana City Council

FROM: City Comptroller

RE: Quarterly Investment Report for Quarter Ended September 30, 2008

DATE: October 21, 2008

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 September 30, 2008.

Two last 2 columns report any changes in investments and cash accounts during the quarter. The total amount invested increased approximately \$1.44 million to a total of \$33,994,689 due to the receipt of property taxes in September. These property taxes will be used to finance bills throughout the rest of the fiscal year. The average yield is 4.8% on fixed investments (CD's and U.S. Treasury) and 1.9% on short-term money market and savings investments (last quarter returns were 4.8 and 2.0% respectively). The average outstanding length of maturity time for the fixed investments is 6.5 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 ever need to be.

The amount invested in the Edward Jones money market (\$1,419,785) was unusually high at 9/30 due to a U.S. government security being called early and paid off the last few days of September. Since 9/30, I have purchased a new U.S. security in the amount of \$1,417,000 and the amount in the Edward Jones money market is back to a normal amount.

This portfolio of city investment's has not been affected much by the recent stock market decline since this portfolio has no investments in the stock market. If anything, the market value of our U.S. government securities has increased. However, the stock market decline has dramatically impacted the City's three employee pension funds as the Police Pension and Fire Pension Funds have 45% of their assets invested in the stock market and I.M.R.F. has 60%). While employee pensions are not threatened (these are guaranteed by law and money has already been accumulated to pay these pensions), if the stock market does not rebound within a 2 years, the City will be required to increase the amounts contributed to these pension funds dramatically.

The City's investment portfolio at September 30, 2008 complies and is in accordance with State laws and the City's investment policies that were approved on November 15, 1999.

<u>Institution</u>	<u>Type of Investment</u>	<u>Maturity Date</u>	<u>Date Purchased</u>	<u>Yield</u>	<u>09/30/08 \$ Market</u>	<u>% Portfolio</u>	<u>06/30/08 \$ Market</u>	<u>% Increase (Decrease)</u>	<u>Reason for Change</u>
Central IL Bank	CD	12/06/08	12/06/06	4.720%	\$ 108,566		\$ 107,293	1.19%	Accrued interest
Regions Bank	CD	07/05/08	11/05/07	4.651%	\$ -		\$ 100,428	-100.00%	Maturity
Regions Bank	CD	09/05/09	07/08/08	3.340%	\$ 97,500		\$ -	#DIV/0!	Purchase
National City	CD	01/09/10	01/09/08	4.640%	\$ 96,000		\$ 96,000	0.00%	
Centrue Bank	CD	05/30/09	04/30/08	3.370%	\$ 97,000		\$ 97,000	0.00%	
Chase Bank	CD	11/23/10	11/23/07	4.630%	\$ 100,000		\$ 100,000	0.00%	
Freestar Bank	CD	02/23/09	11/23/07	4.420%	\$ 95,000		\$ 95,000	0.00%	
First Federal	CD	11/29/08	11/30/07	4.670%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	11/23/10	11/16/05	4.850%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	12/07/09	11/29/06	4.750%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	07/13/10	07/06/07	5.300%	\$ 50,000		\$ 50,000	0.00%	
Smith Barney	CD	07/13/10	07/06/07	5.300%	\$ 50,000		\$ 50,000	0.00%	
Smith Barney	CD	04/01/09	09/17/07	4.900%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	10/30/09	10/23/07	4.700%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	12/05/14	11/27/07	5.000%	\$ 96,000		\$ 96,000	0.00%	
Smith Barney	CD	06/13/11	06/06/08	4.150%	\$ 96,000		\$ 96,000	0.00%	
Stifel, Nicolaus	CD	08/31/09	09/01/04	3.855%	\$ 92,050		\$ 92,050	0.00%	
Stifel, Nicolaus	CD	06/22/09	12/22/06	4.900%	\$ 100,000		\$ 100,000	0.00%	
Stifel, Nicolaus	CD	12/14/09	06/05/07	5.150%	\$ 100,000		\$ 100,000	0.00%	
Edward Jones	CD	12/24/08	12/24/03	3.750%	\$ 98,000		\$ 98,000	0.00%	
Edward Jones	CD	12/26/08	12/26/03	3.750%	\$ 98,000		\$ 98,000	0.00%	
Edward Jones	CD	07/13/09	07/11/07	5.200%	\$ 94,000		\$ 94,000	0.00%	
Edward Jones	CD	12/07/09	12/06/07	4.550%	\$ 99,000		\$ 99,000	0.00%	
Edward Jones	CD	12/07/09	12/07/07	4.550%	\$ 99,000		\$ 99,000	0.00%	
Merrill Lynch	CD	12/22/08	12/11/06	4.800%	\$ 100,000		\$ 100,000	0.00%	
Merrill Lynch	CD	12/22/08	12/11/06	4.800%	\$ 100,000		\$ 100,000	0.00%	
Merrill Lynch	CD	12/21/09	12/10/07	4.350%	\$ 97,000		\$ 97,000	0.00%	
Merrill Lynch	CD	12/18/09	12/10/07	4.500%	\$ 97,000		\$ 97,000	0.00%	
Merrill Lynch	CD	12/28/09	12/17/07	4.400%	\$ 97,000		\$ 97,000	0.00%	
Merrill Lynch	CD	07/13/09	12/31/07	4.250%	\$ 91,000		\$ 91,000	0.00%	
Merrill Lynch	CD	01/12/09	12/31/07	4.200%	\$ 92,000		\$ 92,000	0.00%	
Merrill Lynch	CD	06/30/11	06/16/08	4.300%	\$ 98,000		\$ 98,000	0.00%	
Subtotal, CD's					\$ 2,918,116	8.58%	\$ 2,919,771	-0.06%	

Institution	Type of Investment	Maturity Date	Date Purchased	Yield	\$ Market	% Portfolio	\$ Market	% Increase (Decrease)	Reason for Change
Merrill Lynch	US Govt, Agency, FICO	6/27/09	11/03/93	7.000%	171,438		171,438	0.00%	
Merrill Lynch	US Govt, Agency, FICO	11/2/09	11/03/93	7.010%	190,786		190,786	0.00%	
Merrill Lynch	US Govt, Agency, FICO	11/11/09	11/03/93	7.010%	102,064		102,064	0.00%	
Merrill Lynch	US Govt, Agency, TNote	11/15/08	07/03/02	4.750%	1,262,013		1,262,013	0.00%	
Merrill Lynch	US Govt, Agency, Tstrip	5/15/09	05/26/04	3.800%	590,418		590,418	0.00%	
Merrill Lynch	US Govt, Agency, Tstrip	5/15/11	05/26/04	4.310%	621,472		621,472	0.00%	
Merrill Lynch	US Govt, Agency, FHLM	5/28/13	11/23/04	4.250%	497,635		497,635	0.00%	
Merrill Lynch	US Govt, Agency, FHLM	7/6/10	11/22/06	4.500%	163,976		163,976	0.00%	
Merrill Lynch	US Govt, Agency, FHLM	10/15/08	05/14/07	5.125%	624,650		624,650	0.00%	
Merrill Lynch	US Govt, Agency, FHLM	11/3/09	05/14/07	4.750%	639,650		639,650	0.00%	
Merrill Lynch	US Govt, Agency, FHLB	8/14/08	03/28/07	5.250%	-		250,783	-100.00%	Maturity
Merrill Lynch	US Govt, Agency, FHLB	10/22/10	09/25/07	4.375%	255,625		255,625	0.00%	
Merrill Lynch	US Govt, Agency, T/Bill	9/18/08	06/24/08	1.520%	-		235,073	-100.00%	Maturity
Smith Barney	US Govt, Agency, GNMA	10/20/23	11/26/93	6.500%	14,073		17,813	-20.99%	Principal Payments
Smith Barney	US Govt, Agency, GNMA	11/20/23	11/26/93	6.500%	1,153		1,252	-7.94%	Principal Payments
Smith Barney	US Govt, Agency, FHLM	3/15/13	05/24/04	5.750%	671,168		671,168	0.00%	
Smith Barney	US Govt, Agency, FHLM	7/15/10	05/24/04	4.480%	659,785		659,785	0.00%	
Smith Barney	US Govt, Agency, FICO	6/27/11	05/25/04	4.680%	637,217		637,217	0.00%	
Smith Barney	US Govt, Agency, FICO	5/30/12	05/25/04	4.900%	656,047		656,047	0.00%	
Smith Barney	US Govt, Agency, Tstrip	11/15/09	11/16/05	4.046%	918,660		918,660	0.00%	
Smith Barney	US Govt, Agency T/Note	1/31/09	06/24/08	4.875%	140,189		140,189	0.00%	
Edward Jones	US Govt, Agency, FHLM	5/15/30	05/28/04	5.000%	999,790		999,790	0.00%	
Edward Jones	US Govt, Agency, FNMA	10/12/22	10/12/07	5.500%	1,005,940		1,005,940	0.00%	
Edward Jones	US Govt, Agency, Tstrip	8/15/09	12/05/05	4.200%	794,925		794,925	0.00%	
Edward Jones	US Govt, Agency, TNote	4/30/11	05/19/06	4.875%	438,264		438,264	0.00%	
Edward Jones	US Govt, Agency, FHLMC	5/15/26	05/19/06	6.000%	421,227		421,227	0.00%	
Edward Jones	US Govt, Agency, FHLMC	12/15/12	12/20/07	4.500%	435,654		435,654	0.00%	
Edward Jones	US Govt, Agency, FHLB	9/17/10	12/21/07	4.250%	-		817,551	-100.00%	Called
Edward Jones	US Govt, Agency, T/Bill	9/25/08	06/30/08	1.630%	-		550,860	-100.00%	Maturity
Stifel, Nicolaus	US Govt, Agency, FICO	11/30/08	09/19/02	9.800%	198,068		198,068	0.00%	
Stifel, Nicolaus	US Govt, Agency, FICO	5/11/09	06/06/07	5.030%	122,277		122,277	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLMC	11/15/11	11/29/07	4.500%	250,630		250,630	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLMC	11/15/12	11/29/07	4.600%	250,170		250,170	0.00%	
Stifel, Nicolaus	US Govt, Agency, FNMA	8/14/23	10/01/07	6.000%	125,079		125,079	0.00%	
Stifel, Nicolaus	US Govt, Agency, FNMA	10/29/27	11/02/07	5.250%	456,693		456,693	0.00%	
Stifel, Nicolaus	US Govt, Agency, FNMA	11/5/27	11/09/07	5.250%	213,454		213,454	0.00%	
Stifel, Nicolaus	US Govt, Agency, FNMA	12/24/27	12/28/07	5.250%	1,182,372		1,182,372	0.00%	
Stifel, Nicolaus	US Govt, Agency, FNMA	2/11/28	02/15/08	4.750%	180,679		180,679	0.00%	
Stifel, Nicolaus	US Govt, Agency, FNMA	2/25/28	02/29/08	5.000%	921,795		921,795	0.00%	
Stifel, Nicolaus	US Govt, Agency, FHLMC	6/15/23	06/06/08	5.000%	216,029		216,029	0.00%	
Stifel, Nicolaus	US Govt, Agency, Tstrip	11/15/08	06/06/08	4.750%	34,739		34,739	0.00%	
Stifel, Nicolaus	US Govt, Agency, Tstrip	11/15/12	06/06/08	3.020%	259,887		259,887	0.00%	
Subtotal, U.S. Govt.					\$ 17,325,691	50.97%	\$ 19,183,797	-9.69%	

Institution	Type of Investment	Maturity Date	Date Purchased	Yield	\$ Market	% Portfolio	\$ Market	% Increase (Decrease)	Reason for Change
Merrill Lynch	MM	n/a	n/a	1.070%	\$ 487,446		\$ 1,087	44744.47%	
Edward Jones	MM	n/a	n/a	1.610%	\$ 1,419,785		\$ 6,676	21167.70%	
Smith Barney	MM	n/a	n/a	2.320%	\$ 10,303		\$ 131	7783.06%	
Stifel, Nicolaus	MM			1.910%	\$ 32,744		\$ 58	56452.69%	
IL Metropolitan Investment Fund	US Govt Pool Fund			2.000%	\$ 355,671		\$ 353,888	0.50%	
Illinois Funds-Money Market	Govt. Pool, IL Funds	n/a	n/a	2.028%	\$ 3,312,404		\$ 1,839,054	80.11%	
Illinois Funds-Prime Funds	Govt. Pool, IL Funds	n/a	n/a	2.148%	\$ 2,895,945		\$ 2,880,241	0.55%	
Illinois Funds-E Pay Account	Govt. Pool, IL Funds	n/a	n/a	2.028%	\$ 24,604		\$ 30,753	-20.00%	
Chase Bank	Savings	n/a	n/a	0.800%	\$ 99,855		\$ 100,649	-0.79%	
Busey Bank	Savings	n/a	n/a	1.790%	\$ 5,112,124		\$ 5,234,336	-2.33%	
Subtotal, MM, IPTIP, & Savings					\$ 13,750,882	40.45%	\$ 10,446,872	31.63%	
TOTALS					\$ 33,994,689	100.00%	\$ 32,550,440	4.44%	