

M E M O R A N D U M

TO: Mayor Prussing
Members, Urbana City Council

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

RE: Quarterly Investment Report for Quarter Ended December 31, 2010

DATE: January 21, 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 December 31, 2010.

The total amount invested decreased \$3.3 million to a total of \$37,427,705 from the balance last quarter. This decrease is mostly due to payment of large construction bills from last construction season and the fact that the next significant amount of property tax payments will not be received till spring. I believe this reduction is normal for this quarter (same quarter last year saw the balance decrease \$3.2 million).

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 (last quarter returns were 3.7% and 0.2% respectively). The average outstanding length of maturity time for the fixed investments is 3.1 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.

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 6 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 December 31, 2010 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	Purchased Date	Yield	12/31/10 \$ Market	Portfolio %	09/30/10 \$ Market	% Increase (Decrease)	Reason for Change
CIBM Bank	CD	08/06/11	12/06/09	2.290%	\$ 238,383		\$ 237,029	0.57%	Accrued Interest
Regions Bank	CD	03/05/13	09/05/09	3.200%	\$ 105,486		\$ 104,648	0.80%	Accrued Interest
PNC (formerly National City)	CD	12/11/10	01/11/10	1.640%	\$ -		\$ 100,560	-100.00%	Maturity
PNC Bank	CD	01/11/12	12/11/10	0.595%	\$ 102,103		\$ 102,992	100.00%	Purchase
Centurion Bank	CD	05/30/11	05/30/09	2.390%	\$ -		\$ 102,992	0.00%	Maturity
Chase Bank	CD	11/23/10	11/23/07	4.630%	\$ -		\$ 99,953	0.00%	Maturity
Chase Bank	CD	11/24/13	11/24/08	4.490%	\$ 99,953		\$ 100,623	100.00%	Purchase
First Federal	CD	11/29/10	11/29/09	1.000%	\$ -		\$ 250,000	-100.00%	Maturity
First Federal	CD	11/29/11	11/29/10	0.700%	\$ 101,039		\$ 250,000	100.00%	Purchase
Busey Bank	CD	10/10/10	12/10/09	1.250%	\$ -		\$ 250,000	-100.00%	Maturity
Busey Bank	CD	11/10/10	12/10/09	1.340%	\$ -		\$ 250,000	-100.00%	Maturity
Busey Bank	CD	12/10/10	12/10/09	1.340%	\$ -		\$ 250,000	-100.00%	Maturity
Busey Bank	CD	01/16/11	12/16/09	1.340%	\$ 250,000		\$ 250,000	0.00%	Maturity
Busey Bank	CD	02/16/11	04/16/10	1.000%	\$ 445,706		\$ 445,706	0.00%	Maturity
Busey Bank	CD	03/16/11	05/12/10	1.000%	\$ 444,319		\$ 444,319	0.00%	Maturity
Busey Bank	CD	04/15/11	06/15/10	0.750%	\$ 437,500		\$ 437,500	0.00%	Maturity
Busey Bank	CD	01/15/12	07/17/10	1.000%	\$ 250,000		\$ 250,000	0.00%	Maturity
Busey Bank	CD	05/16/11	08/16/10	0.500%	\$ 250,000		\$ 250,000	0.00%	Maturity
Busey Bank	CD	06/09/11	09/10/10	0.500%	\$ 250,000		\$ 250,000	0.00%	Maturity
Busey Bank	CD	07/11/11	10/11/10	0.500%	\$ 250,000		\$ 250,000	0.00%	Maturity
Busey Bank	CD	07/10/11	11/10/10	0.400%	\$ 250,000		\$ 250,000	0.00%	Maturity
Busey Bank	CD	08/10/11	12/10/10	0.400%	\$ 250,000		\$ 250,000	0.00%	Maturity
Smith Barney	CD	11/23/10	11/23/05	4.850%	\$ -		\$ 96,000	0.00%	Maturity
Smith Barney	CD	02/04/11	02/04/09	2.500%	\$ 69,000		\$ 69,000	0.00%	Maturity
Smith Barney	CD	02/06/12	02/06/09	3.000%	\$ 96,000		\$ 96,000	0.00%	Maturity
Smith Barney	CD	04/16/12	04/14/09	3.000%	\$ 96,000		\$ 96,000	0.00%	Maturity
Smith Barney	CD	12/05/14	12/05/07	5.000%	\$ 96,000		\$ 96,000	0.00%	Maturity
Smith Barney	CD	11/07/11	11/06/09	1.750%	\$ 104,000		\$ 104,000	0.00%	Maturity
Smith Barney	CD	06/10/11	12/11/09	1.350%	\$ 102,000		\$ 102,000	0.00%	Maturity
Smith Barney	CD	09/03/13	09/03/10	1.500%	\$ 150,000		\$ 150,000	0.00%	Maturity
Smith Barney	CD	03/02/12	09/02/10	0.600%	\$ 245,000		\$ 245,000	0.00%	Maturity
Smith Barney	CD	09/02/14	09/01/10	1.300%	\$ 244,000		\$ 244,000	0.00%	Maturity
Stifel, Nicolaus	CD	06/27/11	06/26/09	2.250%	\$ 250,000		\$ 250,000	0.00%	Maturity
Stifel, Nicolaus	CD	12/30/11	12/30/08	3.650%	\$ -		\$ 100,000	-100.00%	FDIC Takeover
Stifel, Nicolaus	CD	09/04/12	09/02/09	2.500%	\$ 250,000		\$ 250,000	0.00%	Maturity
Stifel, Nicolaus	CD	05/28/13	05/27/09	3.350%	\$ 245,000		\$ 245,000	0.00%	Maturity
Stifel, Nicolaus	CD	12/10/13	12/10/08	4.750%	\$ 98,000		\$ 98,000	0.00%	Maturity
Stifel, Nicolaus	CD	12/12/13	12/12/08	4.850%	\$ 100,000		\$ 100,000	0.00%	Maturity
Stifel, Nicolaus	CD	06/30/14	06/29/09	4.000%	\$ 95,000		\$ 95,000	0.00%	Maturity
Stifel, Nicolaus	CD	06/15/11	06/17/10	0.550%	\$ 250,000		\$ 250,000	0.00%	Maturity
Edward Jones	CD	03/05/12	09/04/09	1.950%	\$ 249,000		\$ 249,000	0.00%	Maturity
Edward Jones	CD	08/31/12	08/31/09	2.050%	\$ 249,000		\$ 249,000	0.00%	Maturity
Edward Jones	CD	09/10/12	09/09/09	2.150%	\$ 249,000		\$ 249,000	0.00%	Maturity
Edward Jones	CD	09/03/13	09/03/09	2.600%	\$ 246,000		\$ 246,000	0.00%	Maturity
Edward Jones	CD	04/28/11	04/28/10	0.600%	\$ 230,000		\$ 230,000	0.00%	Maturity
Edward Jones	CD	04/28/11	04/28/10	0.700%	\$ 248,000		\$ 248,000	0.00%	Maturity
Edward Jones	CD	10/31/11	04/30/10	0.850%	\$ 248,000		\$ 248,000	0.00%	Maturity
Edward Jones	CD	11/07/11	05/07/10	0.850%	\$ 249,000		\$ 249,000	0.00%	Maturity
Morgan Stanley	CD	12/27/10	06/24/09	1.500%	\$ -		\$ 250,000	-100.00%	Maturity
Morgan Stanley	CD	01/03/11	12/31/08	3.000%	\$ 98,000		\$ 98,000	0.00%	Maturity
Morgan Stanley	CD	01/03/11	12/31/08	3.000%	\$ 98,000		\$ 98,000	0.00%	Maturity
Morgan Stanley	CD	06/30/11	06/30/08	4.300%	\$ 247,000		\$ 247,000	0.00%	Maturity
Morgan Stanley	CD	12/27/11	06/24/09	2.500%	\$ 200,000		\$ 200,000	0.00%	Maturity
Morgan Stanley	CD	10/28/11	10/28/09	2.000%	\$ 179,000		\$ 179,000	0.00%	Maturity
Morgan Stanley	CD	10/28/11	10/28/09	1.950%	\$ 247,000		\$ 247,000	0.00%	Maturity
Morgan Stanley	CD	11/14/11	11/13/09	1.950%	\$ 247,000		\$ 247,000	0.00%	Maturity
Morgan Stanley	CD	02/06/12	11/06/09	2.000%	\$ 247,000		\$ 247,000	0.00%	Maturity
Morgan Stanley	CD	11/07/11	11/06/09	1.950%	\$ 198,000		\$ 198,000	0.00%	Maturity
Morgan Stanley	CD	06/29/12	12/30/09	2.000%	\$ 112,000		\$ 112,000	0.00%	Maturity
Morgan Stanley	CD	07/16/12	01/15/10	1.900%	\$ 188,000		\$ 188,000	0.00%	Maturity
Morgan Stanley	CD	03/11/13	09/10/10	0.850%	\$ -		\$ 188,000	0.00%	Maturity
Morgan Stanley	CD	11/30/11	12/01/10	0.350%	\$ 249,000		\$ -	100.00%	Purchase
Subtotal, CDs					\$ 10,693,483	28.57%	\$ 10,986,331	-2.67%	

Institution	Type of Investment	Maturity Date	Date Purchased	Yield	\$ Market	12/31/10	Portfolio %	\$ Market	09/30/10	% Increase (Decrease)	Reason for Change
Morgan Stanley	US Govt. Agency, Tstrip	5/15/11	05/26/04	4.310%	671,617	671,617		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		1,665,659	1,665,659	0.00%	
Morgan Stanley	US Govt. Agency, FHLB	10/22/10	09/25/07	4.375%	-	-		253,125	253,125	-100.00%	Maturity
Morgan Stanley	US Govt. Agency, FHLB	1/30/14	05/15/09	5.000%	618,409	618,409		618,409	618,409	0.00%	
Morgan Stanley	US Govt. Agency, FHLB	11/24/14	01/27/09	3.210%	539,632	539,632		539,632	539,632	0.00%	
Smith Barney	US Govt. Agency, GNMA	10/20/23	11/26/93	6.500%	8,851	8,851		9,009	9,009	-1.75%	Principal Payments
Smith Barney	US Govt. Agency, GNMA	11/20/23	11/26/93	6.500%	831	831		901	901	-7.72%	Principal Payments
Smith Barney	US Govt. Agency, Tstrip	11/15/14	11/16/09	2.005%	976,105	976,105		976,105	976,105	0.00%	
Smith Barney	US Govt. Agency, FICO	6/27/11	05/25/04	4.680%	694,092	694,092		694,092	694,092	0.00%	
Smith Barney	US Govt. Agency, FICO	5/30/12	05/25/04	4.900%	732,803	732,803		732,803	732,803	0.00%	
Smith Barney	US Govt. Agency, FHLB	3/15/13	05/24/04	5.750%	762,160	762,160		762,160	762,160	0.00%	
Smith Barney	US Govt. Agency, Tstrip	11/15/13	08/26/10	0.481%	179,210	179,210	\$	179,210	179,210	0.00%	
Edward Jones	US Govt. Agency, TNote	4/30/11	04/30/06	4.875%	431,812	431,812		431,812	431,812	0.00%	
Edward Jones	US Govt. Agency, FHLB	9/15/19	09/03/09	4.150%	41,932	41,932		41,932	41,932	0.00%	
Edward Jones	US Govt. Agency, FNMA	10/12/22	10/12/07	5.500%	-	-		1,013,130	1,013,130	-100.00%	Called
Edward Jones	US Govt. Agency, Tstrip	11/15/12	11/23/10	0.421%	547,423	547,423		547,423	547,423	100.00%	Purchase
Edward Jones	US Govt. FFCB	11/24/25	11/24/10	4.000%	548,237	548,237		548,237	548,237	100.00%	Purchase
Edward Jones	US Govt. Agency, TVA	10/15/23	10/17/08	5.000%	1,436,852	1,436,852		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		996,480	996,480	0.00%	
Stifel, Nicolaus	US Govt. Agency, Tstrip	11/15/12	06/06/08	3.020%	294,636	294,636		294,636	294,636	0.00%	
Stifel, Nicolaus	US Govt. Agency, Tstrip	11/15/18	12/01/08	3.550%	330,880	330,880		330,880	330,880	0.00%	
Stifel, Nicolaus	US Govt. Agency, FICO	9/26/19	05/11/09		170,522	170,522		170,522	170,522	0.00%	
Stifel, Nicolaus	US Govt. Agency, FHLB	10/15/19	10/16/09	3.000%	-	-		226,413	226,413	-100.00%	Called
Stifel, Nicolaus	US Govt. Agency, FHLB	12/15/19	12/24/09	3.000%	-	-		156,367	156,367	-100.00%	Called
Stifel, Nicolaus	US Govt. Agency, FHLB	11/19/18	05/19/10	3.000%	-	-		707,217	707,217	-100.00%	Called
Stifel, Nicolaus	US Govt. Agency, FHLB	9/15/20	09/02/10	2.000%	1,000,000	1,000,000		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		531,998	531,998	0.00%	
Stifel, Nicolaus	Bond	2/15/13	08/31/10	0.819%	534,132	534,132		534,132	534,132	0.00%	
Stifel, Nicolaus	US Govt. Agency, FHLB	12/27/13	08/27/10	1.160%	529,204	529,204		529,204	529,204	0.00%	
Stifel, Nicolaus	US Govt. Agency, FICO	11/17/14	11/23/10	0.700%	951,193	951,193		951,193	951,193	100.00%	Purchase
Stifel, Nicolaus	Revenue Bonds	1/1/25	12/14/10	6.050%	400,000	400,000		400,000	400,000	100.00%	Purchase
Stifel, Nicolaus	Revenue Bonds	1/1/24	12/14/10	5.900%	400,000	400,000		400,000	400,000	100.00%	Purchase
Stifel, Nicolaus	Revenue Bonds	1/1/28	12/14/10	6.600%	400,000	400,000		400,000	400,000	100.00%	Purchase
Stifel, Nicolaus	Revenue Bonds	1/1/27	12/14/10	6.400%	400,000	400,000		400,000	400,000	100.00%	Purchase
Stifel, Nicolaus	Revenue Bonds	1/1/26	12/14/10	6.200%	400,000	400,000		400,000	400,000	100.00%	Purchase
Stifel, Nicolaus	US Govt. Agency, FHLB	12/15/25	12/23/10	4.000%	160,000	160,000		160,000	160,000	100.00%	Purchase
Subtotal, U.S. Govt.					\$ 17,354,670	\$ 17,354,670	46.37%	\$ 15,504,297	\$ 15,504,297	11.93%	
Morgan Stanley	MM	n/a	n/a	0.150%	\$ 278,923	\$ 278,923		\$ 2,506	\$ 2,506	11031.70%	Two investment maturities, one purchase, interest on investments
Edward Jones	MM	n/a	n/a	0.010%	\$ 7,125	\$ 7,125		\$ 24,294	\$ 24,294	-70.67%	One investment purchase, 2 maturities, interest on investments
Smith Barney	MM	n/a	n/a	0.060%	\$ 106,189	\$ 106,189		\$ -	\$ 1,287	8151.34%	One investment maturity, interest on investments
Stifel, Nicolaus	MM	n/a	n/a	0.050%	\$ 107,492	\$ 107,492		\$ 7,128	\$ 7,128	1407.95%	One investment maturity, interest on investments
IL Metropolitan Investment Fund	US Govt Pool Fund	n/a	n/a	-0.120%	\$ 258,576	\$ 258,576		\$ 258,739	\$ 258,739	-0.06%	Investment Loss State Revenue
Illinois Funds-Money Market	Govt. Pool, IL Funds	n/a	n/a	0.121%	\$ 442,095	\$ 442,095		\$ 706,801	\$ 706,801	-37.45%	Payments, \$3.35 M Tfr to Bussey MM Credit Card Payments, \$52,500 Tfr to Bussey
Illinois Funds-E Pay Account	Govt. Pool, IL Funds	n/a	n/a	0.121%	\$ 5,368	\$ 5,368		\$ 8,689	\$ 8,689	-38.22%	MM Regular Bill Paying, Tfr from IL funds
Bussey Bank	Savings	n/a	n/a	0.140%	\$ 8,173,785	\$ 8,173,785		\$ 13,168,602	\$ 13,168,602	-37.93%	(above)
Subtotal, MM, IPTIP, & Savings					\$ 9,379,552	\$ 9,379,552	25.06%	\$ 14,178,045	\$ 14,178,045	-33.84%	
TOTALS					\$ 37,427,705	\$ 37,427,705	100.00%	\$ 40,668,673	\$ 40,668,673	-7.97%	